



**FOREIGN  
BROADCAST  
INFORMATION  
SERVICE**

# ***Daily Report***

## **China**

**FBIS-CHI-88-240**

**Wednesday**

**14 December 1988**

# Daily Report

## China

FBIS-CHI-88-240

### CONTENTS

14 December 1988

#### INTERNATIONAL AFFAIRS

##### General

Geneva UN Debate on Palestinian Issue Viewed .....	1
Vice Foreign Minister Cited [XINHUA] .....	1
More on Qi Huaiyuan Speech [XINHUA] .....	1
'Arafat Speech 'Turning Point' [Hong Kong WEN WEI PO 14 Dec] .....	2
Gorbachev UN Diplomacy 'Substantial,' 'Positive' [RENMIN RIBAO 12 Dec] .....	3
Qian Qichen Meets Visiting UN Official [XINHUA] .....	4
Foreign Scientific Exchange Said Successful [XINHUA] .....	4
Foreign-Funded Firms in Beijing Discussed [XINHUA] .....	5

##### United States & Canada

LIAOWANG on U.S. Economy, Reagan Legacy [28 Nov] .....	5
Shanghai Airlines To Buy Boeing 757's [CHINA DAILY 14 Dec] .....	7
State Firm Enters Canadian Real Estate Market [XINHUA] .....	8
Shanghai-Canada Venture on Underwater Technology [XINHUA] .....	8

##### Soviet Union

USSR Troop Reduction Proposal Analyzed [Beijing International] .....	8
Leningrad, Shanghai To Become Sister Cities [Beijing International] .....	9

##### Northeast Asia

Sino-Japanese Water Treatment Seminar Held [RENMIN RIBAO 9 Dec] .....	9
---	---

##### Southeast Asia & Pacific

Khieu Samphan Arrives in Paris To Meet Sihanouk [Beijing International] .....	10
Vietnam To Withdraw More Troops From Cambodia [XINHUA] .....	10

##### Near East & South Asia

XINHUA Previews Gandhi's 'Significant Visit' .....	10
Delegation To Accompany Gandhi [XINHUA] .....	11
Official Says Sino-Indian Trade Ties 'Good' [XINHUA] .....	11
Qi Huaiyuan Meets PLO's 'Arafat at UN [XINHUA] .....	12
Yang Shangkun Congratulates Pakistan President [Beijing International] .....	12
XINHUA Profiles New Pakistan President .....	12

##### Sub-Saharan Africa

Foreign Ministry Lauds Angola, Namibia Protocol [XINHUA] .....	12
'Special Envoy' Yang Shangkun Visits Africa .....	13
Ends Kenya Visit [XINHUA] .....	13
Begins 6-Day Tanzania Visit [XINHUA] .....	13

##### West Europe

Wounded Netherlands Tourist Leaves Tibet [AFP] .....	13
Qian Qichen Meets French Ambassador [XINHUA] .....	14

## NATIONAL AFFAIRS

Zhao, Li, Other Leaders at Nuclear Conference [XINHUA] .....	15
Li Peng Chairs State Council Executive Meeting [XINHUA] .....	15
Li Peng, Others Meet 'Spark' Award Winners [XINHUA] .....	15
Li Stresses Agriculture [CHINA DAILY 14 Dec] .....	15
Li Peng on Increasing Revenue, Saving on Expenses [RENMIN RIBAO 8 Dec] .....	16
Song Jian Attends Beijing Invention Meeting [Beijing Radio] .....	17
Li Ximing, Others at Zhi Gong Dang Congress [Beijing Radio] .....	17
Rui Xingwen Speaks at Congress Opening [XINHUA] .....	18
Fei Xiaotong on Role of Democratic League [XINHUA] .....	18
Song Renqiong Leads Delegation to Guangxi [XINHUA] .....	19
Forum Reveals Divergent Views on 'River Elegy' [GUANGMING RIBAO 20 Nov] .....	19
Cultural Official Urges More Literary Debate [ZHONGGUO TONGXUN SHE] .....	21
Scholar Shares Thoughts on Reforming NPC System [SHIJIE JINGJI DAobao 7 Nov] .....	21
CPC 'Pins High Hopes' on Democratic Parties [ZHONGGUO XINWEN SHE] .....	25
Paper Cited on Support for Socialist Democracy [XINHUA] .....	26
Public Service System Experiment Slated [XINHUA] .....	26
Job Markets Proposed for Skilled Workers [CHINA DAILY 14 Dec] .....	27
Rural Family Planning Seen as Lax [CHINA DAILY 14 Dec] .....	27
Satellite Navigation Positioning Network Completed [XINHUA] .....	28
Heavy Ion Accelerator Developed in Lanzhou [XINHUA] .....	28
First Large Nuclear Power Turbine Built [XINHUA] .....	28
Militia Force Helps Guard Borders, Coastal Areas [XINHUA] .....	28
Book Explores Development of Military Aircraft [ZHONGGUO XINWEN SHE] .....	29
Military Dropouts From Universities 'Disturbing' [JIEFANGJUN BAO 27 Nov] .....	29
Urban Residents To Pay for Public Utilities [XINHUA] .....	30
Questions Posed on 'Controlling Inflation' [RENMIN RIBAO 2 Dec] .....	31
Economic Belt in Eastern Provinces, Part One [RENMIN RIBAO 8 Dec] .....	32
Economic Plan for Mountain Poor Revealed [CHINA DAILY 14 Dec] .....	34
Economic Laws Protect, Encourage Joint Ventures [XINHUA] .....	34
Laws Regulate Foreign Business Operations [XINHUA] .....	35
Draft Regulations on Share Issues Progress [CHINA DAILY 14 Dec] .....	35
Paper Views Urban Property Right System Reform [WEN HUI BAO 1 Dec] .....	36
'Roundup' of Symposium on Property Rights [GUANGMING RIBAO 19 Nov] .....	38
Increased Shipbuilding Orders Expected Next Year [CHINA DAILY 14 Dec] .....	40
Coal Corporation Chief on Tense Supply Situation [XINHUA] .....	40

## REGIONAL AFFAIRS

### East Region

Han Peixin Attends Jiangsu Science Meeting [XINHUA RIBAO 29 Nov] .....	42
Shandong Achievements in Wasteland Reclamation [Jinan Radio] .....	43
Shandong Overfulfills Gold Production Plan [Jinan Radio] .....	44
Zhejiang Propaganda Head Cited on Reform [Hangzhou Radio] .....	44

### Central-South Region

NPC Inspection Team Visits Guangdong [Guangzhou Radio] .....	44
Shenzhen To Set Up Special Legislative Body [Hong Kong HONGKONG STANDARD 13 Dec] .....	44
Chen Huiguang Attends Gala in Guangxi [Nanning Radio] .....	45
CPC Message Marks Guangxi's 30th Anniversary [RENMIN RIBAO 12 Dec] .....	45
Hainan Women's Representative Assembly Opens [Haikou Radio] .....	46
Preferential Treatment for Hainan Continues [ZHONGGUO XINWEN SHE] .....	47
Xiong Qingquan Addresses Hunan Rural Conference [Changsha Radio] .....	47

**Southwest Region**

Tibetan Civil Servants Condemn Splittism [Lhasa Radio] .....	48
Tibetan Patriots Stress National Unity [Lhasa Radio] .....	48
Yunnan Peasants Arrested in Jail Break-in Attempt [ZHONGGUO TONGXUN SHE] .....	49
Yunnan Adopts Grain Production Expansion Measure [Kunming Radio] .....	49

**North Region**

Li Ruihuan Meets Tianjin Theoretical Workers [Tianjin Radio] .....	49
Democratic National Construction Congress Ends [Tianjin Radio] .....	50

**Northeast Region**

Heilongjiang Commentary on Forest Protection [Harbin Radio] .....	50
Natural Gas Deposit Discovered in Heilongjiang [Harbin Radio] .....	51
He Zhukang Attends Jilin Rural Work Conference [Changchun Radio] .....	51
Jilin Establishes Economic Development Zone [Changchun Radio] .....	52
Liaoning Reports on Year's Agricultural Results [Shenyang Radio] .....	52

**HONG KONG & MACAO**

**Hong Kong**

Draft Basic Law Subgroups Conclude Meetings [LIAOWANG OVERSEAS EDITION 5 Dec] .....	53
Citizens Group Chief Discusses Basic Law [ZHONGGUO TONGXUN SHE] .....	56
Li Hou Says Moves To Form Party 'Inevitable' [Hong Kong SOUTH CHINA MORNING POST 13 Dec] .....	57
XINHUA To Dissuade Illegal SRV Refugees [Hong Kong SOUTH CHINA MORNING POST 13 Dec] .....	57
PRC 'Unlikely' To Allow Referendum Before 1990 [SOUTH CHINA MORNING POST 13 Dec] ...	58
PRC, Territory, UK To Negotiate Air Links [Hong Kong SOUTH CHINA MORNING POST 13 Dec] .....	58
Jan-Oct External Trade Up 30 Percent [XINHUA] .....	59
Double Digit Inflation Predicted for 1989 [XINHUA] .....	59

**Macao**

Legislative Committee To Review 'Outdated Laws' [Hong Kong SOUTH CHINA MORNING POST 14 Dec] .....	60
--	----



## General

### Geneva UN Debate on Palestinian Issue Viewed

#### Vice Foreign Minister Cited

OW1412115288 Beijing XINHUA in English  
1117 GMT 14 Dec 88

["China Says Settlement of Palestinian Issue Lies in Legitimization of Palestinian National Rights"—XINHUA headline]

[Text] Geneva, December 14 (XINHUA)—Chinese Vice Foreign Minister Qi Huaiyuan said today that the key to the settlement of the Palestinian question "lies in ensuring that the Palestinian people exercise their legitimate national rights."

Speaking at the 43rd session of the U.N. General Assembly on the Palestinian issue here this afternoon, Qi said that "the Palestinian question is at the core of the Middle East question. There will be no peace and tranquillity in the region unless the Palestinian question is resolved."

He said that "an early realization of a just, lasting peace in the Middle East is the common aspiration of the Palestinian and other Arab people and the long-cherished wish of the Israeli people as well. It is also the universal desire of the international community."

"It is most unfair that the Palestinian people who have been living in Palestine for generation after generation should have been denied their legitimate national rights," Qi added.

In the past few decades, the Palestinian people, under the leadership of the Palestine Liberation Organization, fought heroically against the Israeli occupation of the West Bank and the Gaza Strip and struggled for the restoration of their legitimate national rights.

Qi said the recently-declared independent State of Palestine "reflected the will of the Palestinian people and their voice of historic importance. It marked a new stage in the Palestinian revolutionary cause."

PLO leader Yasir 'Arafat reaffirmed recently in Stockholm that the PLO "accepts the existence of Israel in the Middle East as a state." Qi said "all this fully demonstrates the sincerity of the PLO."

"Now is the time for Israel to size up the situation and make a positive response," he added.

He said the Chinese Government and people have firmly supported the just struggle of the Palestinian and other Arab peoples and opposed the Israeli policies of aggression and expansion.

"We consider it imperative for Israel to stop its suppression of the Palestinian people in the occupied territories and withdraw from the Arab lands occupied since 1967, so as to create conditions for a comprehensive, just and lasting settlement of the Middle East issue," the Chinese vice foreign minister stressed.

"The legitimate national rights of the Palestinian people must be restored," he said, adding that "Israel and the Palestinian state should recognize each other and enter into negotiations through the convention of a Middle East peace conference." China will, as always, "work hard for a peaceful settlement of the Middle East question," Qi added.

#### More on Qi Huaiyuan Speech

HK1412141088 Beijing XINHUA Hong Kong Service  
in Chinese 1232 GMT 14 Dec 88

["Speech Delivered by Qi Huaiyuan at the UN General Assembly on the Palestinian Issue"—XINHUA headline]

[Text] Geneva, 14 Dec (XINHUA)—Today, during the debate on the Palestinian issue, Qi Huaiyuan, head of the Chinese delegation to the 43d UN General Assembly and vice foreign minister, pointed out in his speech: "An early realization of just and lasting peace in the Middle East is not only the common aspiration of the Arab and Palestinian peoples. It is also the long-cherished wish of the Israeli people and a common desire in the international community."

He said: "The international situation is developing in the direction of relaxation. The peaceful settlement of regional disputes through dialogue has become a major trend. Conflicts in some hot spots are either being resolved or becoming resolvable. However, the Palestinian question still remains unresolved after some 40 years. Today, it has become an outstanding problem confronting the international community."

He pointed out: "The Palestinian question is at the core of the Middle East issue. If this question remains unresolved, peace and tranquillity in the Middle East is out of the question. The Palestinian people, who have been living in Palestine from generation to generation, are deprived of their legitimate national rights. This is extremely unfair. The key to the settlement of this issue lies in guaranteeing that the Palestinian people can exercise their legitimate national rights."

After praising the Palestinian people for waging an unyielding heroic struggle for the restoration of their legitimate national rights under the PLO over the past decades, Qi Huaiyuan said: "The 19th special meeting recently held by the Palestinian National Council in Algiers is a milestone in the course of the Palestinian people's struggle for the recovery of their lost land and the restoration of their national rights. The resolution adopted at the special meeting is reasonable, realistic,

and flexible and gives expression to the PLO's sincerity about settling the Palestinian question politically. The 'Independence Declaration' passed at the meeting proclaims the establishment of a Palestinian state, thus embodying the Palestinian people's will. It is a historical choice indicating that the Palestinian revolutionary cause has reached a new stage."

Qi Huaiyuan said: "The 'Independence Declaration' clearly expressed the willingness of the PLO to coexist with Israel and stressed confederation realized between Palestine and Jordan in the future. Based on Resolutions 242 and 338 of the Security Council and a Middle East international peace conference held to ensure the legitimate national rights of the Palestinian people, the PLO reiterated in the 'Political Statement' that it is against any form of terrorism, including state terrorism. Chairman 'Arafat recently reaffirmed in Stockholm that the PLO 'accepts the existence of Israel in the Middle East as a state.' All this fully demonstrates the sincerity of the PLO. Now it is time for Israel to judge the hour, size up the situation, and make a positive response."

Qi Huaiyuan pointed out: It is a pity that the Israeli Government took a hostile attitude, rejecting the positive steps of the PLO and threatening to suppress the struggle launched by the Palestinian people against occupation. Facts have proved that the stubborn stand of the Israeli authorities has become the main obstacle to the settlement of the Middle East issue.

In his speech, Qi criticized the United States, host country of the UN headquarters, for refusing to grant Chairman 'Arafat an entry visa, obstructing him from speaking at the UN General Assembly. Qi said that this move of the United States has violated the relevant agreements of the host country and the United Nations which is disadvantageous to promoting the progress of peace in the Middle East.

Qi Huaiyuan reiterated: "The Chinese Government and people have firmly supported the just struggle of the Palestinian and other Arab peoples and opposed the Israeli policies of aggression and expansion. We consider it imperative for Israel to stop its suppression of the Palestinian people in the occupied territories and withdraw from the Arab lands occupied since 1967, so as to create conditions for a comprehensive, just, and lasting settlement of the Middle East issue. The legitimate national rights of the Palestinian people must be restored. On this basis, all countries in the Middle East may enjoy the right to independence and existence. The Israeli authorities should face this reality. Israel and the Palestinian state should recognize each other, enter into negotiations through the convening of a Middle East peace conference, and bring about a comprehensive and just settlement of the Middle East issue. Only by doing so can we genuinely realize peace and stability in the Middle East.

### 'Arafat Speech 'Turning Point'

HK1412052588 Hong Kong WEN WEI PO in Chinese  
14 Dec 88 p 2

[Editorial: "'Arafat's Low-key Approach Has Landed the United States and Israel in a More Passive Position'"]

[Text] The United Nations has not held a General Assembly in Geneva for 37 years. Yasir 'Arafat's speech at the opening ceremony of the meeting yesterday represents a turning point in the Middle East situation.

The United States has torn up its agreement with the United Nations by denying 'Arafat, head of the Palestinian delegation, entry into the United States to attend the UN General Assembly. This aroused the dissatisfaction of many countries. Diplomatic personnel from around the world decided to move the General Assembly to Geneva to continue discussion concerning the founding of a Palestinian state. As a result, the United States has suffered a setback.

The United States and Israel are very much worried that a breakthrough will be made at the UN General Assembly and that UN Resolutions 242 and 338 will be genuinely implemented. By that time, Israel will have to withdraw its troops from the West Bank, the Gaza Strip, East Jerusalem, and the Golan Heights, which it has occupied. The UN resolutions stipulated long ago the founding of a Jewish state and a Palestinian state in Palestine.

Forty-one years ago, the United States forced and helped the founding of Israel and, on numerous occasions, has supported Israel's expansion abroad. But it has never implemented the resolution on the founding of a Palestinian state. However, tremendous changes have taken place in the UN situation today. It is no longer possible for the United States to control the overall situation or to resist the will of all countries to find a solution for peace in the Middle East. Power politics no longer works in the United Nations. Detente has become the principal aspect and those countries persisting in the regional war policy have become increasingly unpopular.

From the speeches of more than 70 countries in the UN General Assembly we can hear voices upholding justice. 'Arafat's speech from the rostrum of the UN General Assembly contains four main points: 1) He explicitly indicated his readiness to coexist with Israel. He will directly and explicitly mention Israel by name and recognize its right to existence instead of recognizing Israel in a roundabout way in the form of supporting UN Resolutions 242 and 238. 2) He called on Israeli leaders to come to Geneva to hold a Middle East peace conference presided over by the United Nations. 3) He expounded views against terrorism and made a public clarification on slanders and libels forced upon the moderate faction of the PLO so as to remove the pretexts



under which the United States and Israel refuse to recognize and hold talks with the PLO. 4) He maintained that UN troops should take over control of the Israeli occupied territories.

The fact that the UN General Assembly has been moved to Geneva has placed the United States in a disadvantageous position. Since the United States has humiliated the United Nations, it is believed that the United States will find it difficult to find sympathizers at the General Assembly. Taking advantage of this situation, 'Arafat will probably raise the issue of a Palestinian seat in the United Nations. If he is slightly more conservative, he will ask that an observer of the Palestinian state be sent to the United Nations; if he is a little more enterprising, he will officially ask the UN General Assembly to accept the Palestinian state as a member state.

The United States has consistently vilified 'Arafat as a terrorist, but 'Arafat has discussed in the United Nations the founding of a Palestinian state with a low-key, wise, and moderate approach and always recognized Israel's right to existence. Then, Israel's bloody suppression of the people in the occupied territories and its refusal to recognize Palestinian state's right to existence seem to be very extreme, ruthless, and in violation of international law. The United States has always interfered in the internal affairs of other countries in the name of "safeguarding human rights" but it has denied the six million Palestinian people the rights to survival and a homeland, as well as political rights; as a member of the United Nations, it has steadfastly refused to carry out the UN resolutions. We can thus see the U.S. passivity, embarrassment, and predicament. The Reagan administration has left a flaw near the end of its term. This burden will be shouldered by George Bush because the Middle East will eventually be solved.

Even a country as stubborn as South Africa wants to solve the question of Namibia's independence. Cuba, which has meddled in African affairs for a long time, also wants to withdraw its troops from Angola. Now that the hot spots in the world are being solved one by one, can a hot spot in the Middle East be put off for a long time?

So long as all countries in the world exert pressures in the UN General Assembly, it will be possible to promote an international conference on peace in the Middle East. By that time, the Middle East peace conference will call on Israel to maintain the boundary that existed before 1967. That is to say, the occupation troops will have to be withdrawn. On the Afghan and Cambodian issues, troop withdrawal will possibly be completed in 2 years. Can Israel put off the withdrawal of its troops until 1990?

**Gorbachev UN Diplomacy 'Substantial,' 'Positive'**  
*HK1412091088 Beijing RENMIN RIBAO in Chinese*  
12 Dec 88 p 6

["Roundup" by reporter Liu Kaichen (0491 7030 1368):  
"Soviet Union Steps Up 'United Nations Diplomacy'—  
Reactions Inside and Outside the United Nations to  
Gorbachev's Speech at the UN General Assembly"]

[Text] The important speech delivered by Soviet leader Mikhail Gorbachev at the UN General Assembly on 7 December was welcomed and praised by representatives

from various countries. The response from the United States and Western countries was very strong; even Wall Street financial and stock markets were affected. The price of the U.S. dollar increased, and the share price of military enterprises fell. Public opinion here considers that the Soviet Union's "United Nations diplomacy" was a great success. It was in strong contrast to the situation 28 years ago when Nikita Khrushchev, the Soviet leader at that time, banged his shoe in the UN conference room.

Gorbachev had two main tasks on this visit to New York: To deliver a speech at the UN General Assembly, and to "meet" the newly elected U.S. President, George Bush. In fact, his aim was to make contact with the United States. Therefore, the content of his speech, delivered at the UN General Assembly, concerned the United States. First, he announced that the Soviet Union will unilaterally cut 500,000 soldiers on its territory, and reduce its army stationed in Eastern Europe by 50,000. This amounts to 10 percent of the Soviet domestic army and 10 percent of Soviet soldiers stationed in Eastern Europe. This in fact put the United States on the spot: "I will cut the size of my army; what will you do?" Gorbachev told press circles in New York: "We really hope that the United States and West European countries will also take some steps." This indicated his intentions.

Second, Gorbachev emphasized in his speech that the United Nations should play a role in a number of important world issues, and he gave some suggestions. As the United Nations has enjoyed important success in mediating disputes between areas in recent years, and has thus raised its prestige, the Soviet Union wants to use the influence of the United Nations to obtain a more active position in international affairs. For instance, in order to completely eradicate the Soviet Union's difficulties in Afghanistan, Gorbachev put forward in his speech the suggestion of a complete cease-fire on Afghan territory as of New Year's Day. He also requested the United Nations to promote the convening of an international conference for solving the problem of organizing an Afghan government. In order to counteract the "Star Wars Plan" of the United States, he suggested setting up organizations such as the "world outer space organization" and so on, to investigate and check on the demilitarization of outer space.

Press circles here consider that the Soviet Union has taken an offensive position in this "United Nations diplomacy" that they have undertaken, while the United States has taken a defensive position. The United States expressed its appreciation of and welcome for the unconditional disarmament announced by the Soviet Union. However, it also announced that it would "wait and see," and that it was not advisable to respond hastily. According to the analysis of press circles in the United States, the U.S. does not in fact agree to many of the suggestions put forward by the Soviet Union, but it has not put forward any corresponding measures.

Gorbachev's aim in delivering a speech at the UN General Assembly was to use this extremely important international forum to explain the Soviet Union's new foreign policy: To refrain from military confrontation and to seek political dialogue. Moreover, it was also to indicate that the Soviet Union will continue to seek an improvement in relations between the two superpowers, and will promote continual detente in the international situation, so that the Soviet Union can concentrate its strength on handling its political and economic reforms, and economic construction. Furthermore, it also hopes to ease the concerns of Western countries, to obtain their financial support for economic development to alter the economic stagnation.

In view of the present international response, the "United Nations diplomacy" conducted by Gorbachev will play a substantial and positive role. Although serious differences between the two superpowers still remain, both sides need to improve their relations. A situation of "competitive coexistence," which was mentioned by Gorbachev in his speech, has emerged.

**Qian Qichen Meets Visiting UN Official**  
*OW1412002588 Beijing XINHUA in English*  
1300 GMT 13 Dec 88

[Text] Beijing, December 13 (XINHUA)—Chinese Foreign Minister Qian Qichen met Rafaeuddin Ahmed, United Nations under-secretary-general and special representative of the U.N. secretary-general on Kampuchea, and his party here this afternoon.

The two sides exchanged views on the Kampuchea issue.

Ahmed and his party arrived here on Monday at the invitation of the Chinese Foreign Ministry.

**Foreign Scientific Exchange Said Successful**  
*OW1412102988 Beijing XINHUA in English*  
0300 GMT 14 Dec 88

[Text] Beijing, December 14 (XINHUA)—As 1988 draws to a close, it is apparent that the year has been a brisk and fruitful one for Sino-foreign scientific exchanges.

The Chinese Academy of Sciences (CAS) opened six laboratories this year to researchers from the United States, Japan, the Soviet Union, Western Europe and Third-World countries, following the opening of 40 laboratories last year.

Another 14 new labs open to both Chinese and foreign scientists are awaiting approval.

In an interview with XINHUA, Xue Shiyong, director of the International Co-operation Bureau of the academy, said that "through the joint-efforts of Chinese and American scientists, China built its first high energy accelerator—the Beijing electron-positron collider." On October 16, the collider was successfully put into operation, paving way for Chinese scientists to study minute physical phenomena and elementary particles of matter.

China also built its first heavy-water reactor cold neutron source installation (also the first of its kind in Asia) after six years of co-operation with France. Through co-operation with foreign countries and utilization of foreign financial aid, China also made outstanding research achievements in the field of fusion.

"These achievements show that Chinese scientists can make great progress as long as they take full advantage of the favorable environment of China's reform and open policy, and develop extensive international scientific contacts," Xue Shiyong said.

This year, the academy co-ordinated China's co-operation with the World Laboratory, a non-official research organization sponsored by Italy mainly to promote scientific researches in the Third World countries, to launch a number of research programs including flood forecasting and the management of the lower reaches of the Yellow River.

Research into food improvement, design of coal slurry facilities, the control of desertification, and biological technology have also been advanced during the year.

Progress has also been made in world-market-oriented product development. Some Chinese-developed technological products have entered the world market, including barium metaborate non-linearity optical crystal, bismuth germanate crystal, large-size barium titanate crystal and association Chinese-character computer cards. The barium metaborate non-linearity optical crystal was rated as one of the 10 new products of world laser technology.

Xue said that the number of people involved in Sino-foreign research, international conferences, lectures, and surveys in China this year is expected to exceed the figure of 5,000 for last year. He pointed out that such exchanges have gradually shifted from ordinary personnel exchanges to co-operative research with foreign scientists.

Meanwhile, China's scientific circles have also been active in establishing relations with various foreign foundations and industrial, commercial and financial organizations, to promote faster development of China's science and technology.

As a complement to official channels, people-to-people scientific exchanges have grown more and more active. The China Association for Science and Technology



(CAST) received more than 600 foreign scientists for lectures and special surveys this year and dozens of foreign scientific traveling groups and youth groups have visited the country for summer vacations—a total of 2,300 persons in all. In addition, the China International Conference Center organized 28 international conferences in which some 3,900 foreign delegates participated.

People-to-people scientific exchanges between China and the Soviet Union, Czechoslovakia, Hungary, Poland and other East European countries this year are also on the increase.

The association took part in arranging ten exchange lectures with scientists from the Soviet Union this year. The Chinese specialists gave lectures on subjects such as silk, textiles and paddy rice growing.

To promote national development in recent years, the association sent 300 students to Japan, Britain and the Hong Kong region this year to work in small and medium-sized factories. Through on-the-job training, they learned appropriate technologies and managerial skills, and on returning home applied their newfound knowledge of production to the benefit of Chinese factories.

Thus all in all, it turns out that 1988 has proven to be a successful year for Sino-foreign co-operation in both science and industry.

**Foreign-Funded Firms in Beijing Discussed**  
*OW1212213988 Beijing XINHUA in English*  
*1031 GMT 12 Dec 88*

[Text] Beijing, December 12 (XINHUA)—By November, the Beijing municipality had approved 123 new joint-venture, co-operative and exclusively foreign-funded projects involving a total foreign capital of 127.5 million U.S. dollars.

To date, the city has opened up 384 foreign-funded enterprises and businesses involving a total overseas investment of 1.777 billion U.S. dollars, according to the Municipal Foreign Economic Relations and Trade Commission.

Five exclusively foreign-funded projects were approved this year, as against only one during the previous nine years, a commission official said.

To date, overseas investors have invested 900 million U.S. dollars in economic and technical co-operation with the city, and nearly 200 enterprises using foreign funds have gone into operation—exporting products worth 12.56 million U.S. dollars this year.

The commission official said more than 80 percent of the projects approved during the first 11 months of this year involved manufacturing.

Many of the foreign-funded enterprises in the city have already achieved good economic results, the official said.

For example, a Sino-U.S. joint venture, the Beijing Jeep Corporation, has recorded an annual average production increase of 17.6 percent since its establishment in 1984.

This year, it is expected to produce 4,000 jeeps and is now able to turn out 27 percent of the components for the motor vehicle, which previously had to be imported.

Another Sino-U.S. joint venture, Beijing's Kentucky Fried Chicken fast-food restaurant (the only foreign fast-food outlet in China) has served nearly a million customers since its opening last November.

The restaurant has also set new records for selling chicken (2,200 chickens a day) and cash turnover (83,000 yuan or 22,400 U.S. dollars a day) among the present 7,700 outlets in the worldwide Colonel Sanders chain.

The entire investment in the restaurant is expected to be recouped in the coming half a year.

**United States & Canada**

**LIAOWANG on U.S. Economy, Reagan Legacy**  
*HK1412084188 Beijing LIAOWANG in Chinese No 48,*  
*28 Nov 88 pp 41-42*

[Article by Ding Yifan (0002 0001 0416): "Economic Achievements and Problems Reagan Bequeaths to the New President"]

[Text] When the Republican Party candidate George Bush defeated the Democratic Party candidate Michael Dukakis and became the 41st President of the United States, many political analysts were of the opinion George Bush has benefited from the Reagan government that has run the country for two terms, under which the growth of the U.S. economy has been sustained and the living standard of the people at all levels in society has increased. Due to the fact that George Bush is Ronald Reagan's vice president, people naturally will think that he will maintain and develop this situation. Being the new U.S. President, whether he can maintain and develop the economic "miracles" achieved by Reagan in the past 8 years becomes an issue that has attracted the world's attention.

**The Increase in Industrial Productivity**

The economic achievements obtained during the 8 years Reagan has been in power are striking. This is the longest period of U.S. economic growth in the period of peace since World War II. During this period, 16 million new

job opportunities have been created. All these achievements, moreover, are obtained under a situation wherein the inflation rate has been apparently decreasing (the price increase percentage fell from 13.5 percent to 4 percent). After reading the forecast report for 1983, even Martin Feldstein, the former economic adviser to Reagan, considered it impossible to lower the inflation rate and bank interest rate at the same time in order to achieve economic recovery. However, the impossible has been realized.

Then what has been responsible for the U.S. economy's knack of achieving sustained growth during this period? The conclusion recently drawn by the Federal Reserve Bank is as follows: "Due to substantial devaluation of the U.S. dollar, wage decreases, production increases, and quality improvements, the competitive power of U.S. industry has been strengthened."

Soon after Reagan had assumed power, the bank interest rate in the United States increased, and large volumes of foreign capital had been drawn in. However, because the relative price of U.S. dollars had also increased simultaneously, industrial production, in particular exports of the United States, had been affected substantially. In 1985, the U.S. dollar had been devalued by 40 percent. Apart from this, the U.S. federal minimum wage standard of \$3.35 per hour has not been changed for 8 years. This resulted in a situation wherein the labor cost of some U.S. products is even lower than that of newly industrialized countries and areas. The manager of the Simate [2448 3854 3676] Company, a small textile factory in New York, proudly declared that the cost of his products is even lower than that of South Korea, Hong Kong, and other areas by 10 percent.

In view of unit labor cost, the advantageous position of the United States is more conspicuous. According to the statistics of the Federal Reserve Bank, the U.S. industrial productivity increased by 35 to 40 percent in the period from 1982 to 1987. However, in the same period, the industrial productivity of Japan and the Federal Republic of Germany only increased by 20 percent and 15 percent respectively. In pillar industries such as the steel industry, the automobile industry, and others, the proportion of manual labor in the total cost has decreased from 23 percent to 18 percent. In particular, in the case of the Ford Motor Company, the proportion has decreased to 15 percent. Moreover, some textile enterprises have lowered the proportion to 10 percent. Therefore, they can compete with Malaysian and Indonesian enterprises. In some steel bases, this proportion is below 10 percent. In Pittsburgh, the industry requires a worker to work 4 hours to produce a ton of steel; 10 years ago, it took a worker 9 hours of labor to produce a ton of steel. Even in Japan, it currently still takes a worker 5 hours to produce 1 ton of steel. The production cost of the Ford Motor Company is at present the lowest in the international automobile industry.

On one hand, the substantial devaluation of the U.S. dollar, the decrease in labor cost, and the increase in productivity are beneficial to the export of U.S. industrial products. On the other hand, the buying back by foreign investors (for instance, large quantities of Honda cars manufactured in the United States are exported to Japan) is also beneficial to U.S. export. Yet from 1986 to 1987, U.S. exports decreased by 20 percent.

At present, there are some obvious changes in U.S. enterprises, as seen in the rise of the Japanese enterprise spirit and the change in the traditional American enterprise management method. People consider the secret of the success of the Boeing Company in Seattle to be its willingness to listen to customers' opinions. People also consider that in the course of competition, the key is to use good products to satisfy customers. The atmosphere in an IBM factory is similar to that of a Japanese factory, and slogans of production quality and photos of model workers are posted everywhere in the factory. People in the Ford Motor Company in Dearborn openly admitted that the principle it has been employing is the one that has made Japan succeed—members of the staff of the company are allowed to take part and to give opinions on production, so that they can work with the management for the enterprise's prosperity.

At the same time that the people are learning Japanese management, the Americans have also examined their traditional management methods. Paul Gray, a professor at MIT, said in a report on productivity: "(American) industrial entrepreneurs are too shortsighted, and they only fix their eyes on the profits of the next quarter. This is harmful to capital accumulation. They do not care about foreign competitors and do not know how to apply technology; in particular, they do not know how to manage people. When the situation is not good, the first thing they do is separate from their workers. They only regard workers as a cost, and will not use them as a resource that can motivate enthusiasm. Therefore, the problem of quality results. The situation in Japan is just the opposite. Workers consider the prospect of their factory as their own prospect."

#### The Strength of Attracting Foreign Capital

The development prospects brought by the high interest rate policy of the United States and the increase of productivity have attracted a large volume of capital flowing into the United States. Democratic Party candidate Michael Dukakis expressed his concern about this situation and believes that the increase in debts will affect the future living standard of the Americans. However, Reagan answered back sarcastically: "We are attracting the world's investment. Some people call them debts ... on the contrary, they are the symbol of strength." De-lu-ke [1795 7627 0344], who is some 80 years old and is called the father of American enterprise management, considers that even though the United States at present has a huge amount of foreign debt, "this amount of debt is to be paid by American goods." "If we

say that we are relying on our foreign creditors, they are relying on our capability of importing their commodities. Therefore, it is better to say that the problem of U.S. debts is their problem than to say that it is our problem."

#### The Secret Worry Accompanying the "Miracle"

In fact, Reagan's economic "miracle" is as brilliant and inconceivable as it is described. Le-fu-nie [0519 0126 3206], a French columnist on economic problems, is of the opinion that the economic prosperity achieved by the United States in this period is derived from the credits it received. Reagan handed over a bill for a huge debt to his successor, and let the Americans in future generations pay these debts. Over the past several years, the U.S. economy has been growing continuously at a rate of 4 percent. However, the annual government budget deficits and trade deficits have also amounted to about 3 percent of the gross national product. After Reagan was elected President the second time, he promised to maintain a balanced budget. However, after 8 years of Reagan in power, people found that the amount of budget deficits incurred during his two terms in office exceeded the total amount of budget deficits incurred by all the presidents before him. The amount of national debt is U.S.\$2.6 trillion, and the amount of foreign debts is as high as some U.S.\$400 billion. The United States has thus changed from the world's largest creditor nation to the world's largest debtor nation. The amount the Americans have been paying to foreigners who are investing in the United States has already exceeded the amount of profits the Americans have been obtaining from their investments in foreign countries. This debt burden has become heavier and heavier. Lao-lang-si [0525 2597 2448], an expert in brokerage organizations in Washington, said: "We are facing a critical choice: To produce more or to spend less. We of course want to have the former. However, it is impossible to completely get rid of the latter."

It seems that the situation of having an imbalanced government budget cannot be redressed in the near future. In his new book "Day of Reckoning," Harvard University Rector Friedman holds that the government is not determined enough to put an end to the situation of budget deficits. During the presidential election campaign, both Bush and Dukakis promised to increase expenditures, and they did not indicate that tax revenue is to be increased. Being the successor of Reagan's undertaking, Bush even declared his objection to increased tax revenue. Then, it has only to rely on the huge amount of public and private consumption for maintaining growth and employment.

According to the viewpoint of supply-side economics, which has greatly influenced Reagan, tax reduction will certainly stimulate increases in saving and investment. In practice, although the tax revenue of the Reagan government has decreased, its expenditure has increased more and more, and the trend of private purchase has also emerged. In these 8 years, the use of private credit

cards in the United States has increased continuously. However, family savings have been decreasing, and in 1987 family savings amounted to less than 3.8 percent of family income, the lowest savings record since 1947. Furthermore, stimulated public and private expenditures have brought about an unprecedented situation of consumption.

In short, the U.S. economy to be taken over by Bush from Reagan will be a structure full of vigor but with a huge amount of debt. It is a serious question whether he can maintain sustained growth of the economy, gradually eliminate financial and trade deficits, and reduce the burden of foreign and internal debts.

#### Shanghai Airlines To Buy Boeing 757's HK1412042888 Beijing CHINA DAILY in English 14 Dec 88 p 2

[By staff reporter Qian Hong]

[Text] Shanghai Airlines will buy three Boeing 757-200 airplanes from the United States to replace its old Boeing 707s.

The purchases are part of the nation's efforts to ensure the safety of air transport in the wake of the serious aircraft accident above Chongqing City in Sichuan Province last January.

In the accident, a Soviet-built Ilyushin-18 crashed, killing 108 people.

The first two planes are scheduled for delivery in June and July of next year. The third should arrive in June 1990, said Zhu Changbao, deputy manager of Shanghai Airlines.

Each 757 has a total passenger capacity of 201 seats in first-class, ordinary and commercial cabins. They are equipped with engines made by the United Technologies Pratt and Whitney Group, a Connecticut-based engine manufacturer.

The Boeing 757-200 is one of the most advanced airplanes in the world, Zhu said at yesterday's news conference, adding that his company chose the aircraft because of its dual functions of carrying passengers and cargo, low runway demand and high fuel efficiency.

The three planes will serve on the popular domestic air routes from Shanghai to Beijing, Guangzhou, Guilin, Xian and other cities.

Zhu declined to reveal the value of the three planes, but he said the deal includes training for the staff at the Boeing Company in Seattle next year.

Zhu disclosed that further purchases will be made in the company's future plan.



Shanghai Airlines, which began operation at the end of 1985, was the first regional airline to break the monopoly of the Civil Aviation Administration of China (CAAC).

**State Firm Enters Canadian Real Estate Market**  
*OW1412050288 Beijing XINHUA in English*  
1500 GMT 12 Dec 88

[Text] Beijing, December 12 (XINHUA)—One of China's principal state-owned trading companies has been diversifying its operations by moving into the lucrative North American real estate market.

China National Native Products and Animal Byproducts Import and Export Corporation, known as Tuhsu, bought land in the Canadian city of Vancouver last year. The company is now selling houses built on the land at markups of about 20 percent.

"Sales are easy," said Tuhsu's General Manager Wang Zhixing at a press conference here today. Wang declined to say how much the company had invested in real estate overseas but said that it is planning to buy real estate on the west coast of the United States, in Europe, and elsewhere.

Earlier this year Tuhsu paid 9 million Canadian dollars for an 80 percent stake in a Vancouver hotel. The company will soon open a joint-venture travel agency there.

Tuhsu is expanding in other spheres, too, Wang said. From next year, the company will move into worldwide trade and transportation, is to invest in other countries' manufacturing industries, and will get into the wholesale market to promote exports of Chinese goods.

Although most of its 75 provincial branch companies became independent earlier this year as part of China's reform of its foreign trade structure, Tuhsu is still the country's biggest trading firm of native products and animal byproducts with 78 domestic subsidiaries, branch companies, and joint ventures.

The company's 22 overseas subsidiaries include an oceangoing fleet of 7 liners, a leather processing operation in Macao, and an auction house of leather-fur ware in Hong Kong.

The corporation, which is fast emerging as one of China's most significant multinationals, is also involved in international money dealing. It has a number of construction projects abroad including a pavilion in London's Chinatown.

Tuhsu's exports reached 660 million U.S. dollars from January to November and are expected to be 720 million for the year, 42 percent higher than its target.

**Shanghai-Canada Venture on Underwater Technology**  
*OW1412110188 Beijing XINHUA in English*  
1231 GMT 12 Dec 88

[Text] Shanghai, December 12 (XINHUA)—Cooperation between Shanghai's Jiaotong University and Canadian International Submarine Engineering Ltd has resulted in the development of two new types of remote-control underwater apparatus.

According to an official from the university, they are respectively named the "SJT-10" and "SJT-40", the former weighing 350 kg and the latter, 1,080 kg. And they are both computer-controlled.

They are capable of surveying, filming, sampling, and retrieving objects automatically from under the sea, hence they are useful for application in the submarine exploration and offshore petroleum industry, the official said.

The success has encouraged the two sides to further their cooperation in developing submarine engineering technology. For this purpose they have set up the "Sino-Canadian Submarine Research Center" at Jiaotong University.

Meanwhile, the university has also conducted technological cooperation with Federal Germany, the United States, and France to develop sophisticated submarine robots.

"All these cooperation programs are going well," the official said.

The university now has the country's only research institute involving submarine engineering. In addition to senior researchers and up-to-date experimental equipment, the institute also has its own engineering company.

## Soviet Union

**USSR Troop Reduction Proposal Analyzed**  
*OW1412094988 Beijing in Russian to the USSR*  
1900 GMT 12 Dec 88

[News Analysis: "Why Did the USSR Decide To Decrease Its Armed Forces by 500,000 Men?"]

[Text] At his UN General Assembly speech on 7 December, Soviet leader Mikhail Gorbachev announced that the Soviet Union had decided to unilaterally decrease the number of personnel in its armed forces by 500,000 men within the next 2 years and at the same time to also considerably decrease the amount of its conventional arms. In the meantime, in coordination with its Warsaw Pact allies the USSR has decided to withdraw 6 tank



divisions from the GDR, CSSR, and Hungary in 1991 and disband them; decrease the number of Soviet troops in these countries by 50,000 men; and reduce armaments by 5,000 tanks.

The Soviet Union decided to undertake this important disarmament step for very profound international and internal reasons. Everyone knows that for a long time the USSR and the United States pursued a policy of confrontation and spent enormous sums in the struggle for military supremacy. With the beginning of the eighties, the armed forces of both sides grew to unprecedented size. At one stage the international situation became extremely tense.

In recent years a relaxation of relations between the West and the East, mainly Soviet-American relations, became noticeable. Confrontation turned into a dialogue and mutual confidence was strengthened. In December last year the Soviet-U.S. INF Treaty was signed, and it is being successfully implemented. Great progress was also achieved at the Soviet-U.S. talks on reducing offensive strategic arms. East-West relations on the whole are developing in a relatively stable way. This international situation created favorable external conditions for a unilateral reduction of Soviet armed forces.

The Soviet decision to reduce its armed forces is closely linked with the new thinking of Mikhail Gorbachev. Speaking at the UN General Assembly session he noted that the world has entered a turning point in its development when force and the threat of force cannot and should not be instruments of foreign policy for the solution of global, regional, and interstate problems. He also said that a new historical reality is appearing before our very eyes, a turn from the principle of overarmament to a principle of reasonable sufficiency for defense. Therefore, the Soviet decision on unilateral disarmament can be assessed as a concrete result of implementation of the new thinking.

During his visit to Poland last July, Gorbachev made a proposal for a conference of European heads of state to discuss the question of reducing conventional arms in Europe. Following this, a conference of the Warsaw Pact heads of state made a specific proposal on holding talks on reducing armed forces and conventional arms in Europe in three stages.

While responding cautiously and coolly to these proposals, the West condemned the Soviet Union for acquiring conventional arms superiority. Now the Soviet Union has announced unilateral disarmament. This could help it in the talks on reducing conventional arms in Europe.

For many years the Soviet Union has incurred huge military expenses. According to the West, the yearly expenditure of the Soviet Union is about \$150 billion. The utilization of large sums, material, and scientific and technical sources for the development of the defense industry had a negative influence on the development of

the economy. Now, the process of political restructuring in the Soviet Union is obvious but restructuring of the economy is sluggish. Under different conditions, a reduction in the armed forces could lead not only to a reduction of military spending, but also to an increase in the number of hands working in many industrial sectors. The Soviet Union intends next year to experimentally convert two-thirds of its defense enterprises to produce goods for civilian needs. This will undoubtedly facilitate the development of the economy and increase the standard of living.

**Leningrad, Shanghai To Become Sister Cities**  
*OW1412095388 Beijing in Russian to the USSR*  
1900 GMT 13 Dec 88

[Text] At the invitation of the Shanghai Municipal People's Government, a Leningrad delegation led by Vladimir Khodyrev, chairman of the Leningrad Soviet Executive Committee, arrived in Shanghai for a visit late on 13 December.

The high-ranking Soviet guests were warmly greeted by Deputy Mayor Liu Zhenyuan and responsible officials from departments concerned. Shanghai pioneers presented fresh flowers to Chairman Vladimir Khodyrev.

It has been revealed that during the present visit the Leningrad delegation and the Shanghai side will sign a protocol on the establishment of sister cities ties between Leningrad and Shanghai.

### Northeast Asia

**Sino-Japanese Water Treatment Seminar Held**  
*HK1412120488 Beijing RENMIN RIBAO in Chinese*  
9 Dec 88 p 3

[Dispatch by Wang Yougong (3769 0645 1872): "Sino-Japanese Seminar on Waste Water Treatment, Recycling Held in Beijing"]

[Text] Beijing, 8 Dec—From the Sino-Japanese technique-exchange seminar on waste water treatment and recycling being held in Beijing, this reporter learned that since the introduction of a number of technical research products relating to urban waste water treatment, conspicuous results have been achieved in controlling water pollution and relieving the shortage of urban water supplies. At present, the country has 73 large-sized waste water treatment plants.

The situation of water contamination and water shortage in many cities of our country, especially a number of cities in northern China, has become increasingly serious. It has constituted a key problem that "strangles" development in many cities. To solve this problem, the relevant subject is listed among the tough scientific and technical problems to be tackled in the "Sixth 5-Year

Plan" and the "Seventh 5-Year Plan." After the popularization and application of a number of research products, satisfactory social benefits and economic results have been achieved. Waste water from insecticide factories often causes pollution to water bodies over a wide area. The waste water cleaning process involving the helotism oxydation pond designed by the Wuhan Aquatic Organisms Research Institute of the Chinese Academy of Sciences, enables the waste water of an insecticide factory to be cleaned fit for breeding fish, without the consumption of other energy. A number of high-tech research products have also been applied to water pollution control. The antipermeation and super-filter membrane water treatment technique that the Ecological Research Center of the Chinese Academy of Sciences started researching in 1975 not only allows the retrieval of useful components of color developer solutions but also prevents the pollution of the water environment. It has been adopted by more than 20 film-making, developing, and printing factories. A number of coastal cities looking out on the vast sea have been disturbed by the shortage of water. Dalian City's industrial water consumption reaches more than 1 billion tons a year, with residents suffering a shortage of water. Since the introduction of a set of techniques enabling sea water to be used as cooling water in the industrial field, as researched by the Chemical Physics Research Institute of Dalian, an annual saving of 400 million tons of fresh water has been effected, thus relieving the shortage of water supplies in that city.

From 7 to 9 December, the State Scientific and Technological Commission called in Beijing, a Sino-Japanese technique-exchange seminar on water treatment and recycling. A number of experts of the Japanese Water Recycling [zao shui 6644 3055] Promotion Center and several tens of experts in waste water treatment work from our country attended the meeting.

### **Southeast Asia & Pacific**

**Khieu Samphan Arrives in Paris To Meet Sihanouk**  
*BK1412114088 Beijing in Cambodian to Cambodia*  
1030 GMT 14 December 88

[Text] On 13 December, Khieu Samphan, vice president of Democratic Kampuchea, arrived in Paris to hold talks with Samdech Sihanouk on a political solution to the Cambodian problem.

At the airport, Khieu Samphan told reporters that he had come to Paris to discuss the future of Cambodia with Samdech Sihanouk. He noted that he unreservedly agrees with the five-point proposal advanced by Samdech Sihanouk on 7 November and stressed that the position is the foundation for a settlement of the Cambodian problem.

Diplomatic milieus in Paris focused their considerable attention on the Khieu Samphan-Sihanouk talks and noted that the meeting is aimed at easing the Democratic Kampuchea internal problem and promoting cooperation.

**Vietnam To Withdraw More Troops From Cambodia**  
*HK1412034088 Beijing XINHUA Hong Kong Service*  
in Chinese 0148 GMT 14 Dec 88

[Report: "Vietnam Announces Again Its Withdrawal of 18,000 Troops From Cambodia"—XINHUA headline]

[Text] Beijing, 14 Dec (XINHUA)—According to an AP report on 13 December, the Vietnamese military side announced that it would withdraw 18,000 soldiers or so from Cambodia as of 15 December.

A spokesman for the Vietnamese military side said: Within a period of 1 week Vietnam will withdraw sections of its troops from four land routes and one water route along the Mekong River. Starting 15 December, 6,000 Vietnamese soldiers and 300 military vehicles will be withdrawn from Battambang and Sisophon in the northwestern part of Cambodia. One infantry division and one engineering regiment will leave Phnom Penh by boat along the Mekong River.

The military spokesman added: Some 50,000 Vietnamese troops will stay on to fight the Khmer Rouge and other anti-Vietnamese armed resistance forces.

### **Near East & South Asia**

**XINHUA Previews Gandhi's 'Significant Visit'**  
*OW1312133388 Beijing XINHUA in English*  
1305 GMT 13 Dec 88

[“Rajiv Gandhi's China Trip: A Significant Visit” (by Tan Renxia)—XINHUA headline]

[Text] New Delhi, December 13 (XINHUA)—Indian Prime Minister Rajiv Gandhi's visit to China this month is expected to be a new starting point for developing traditional friendship and a good-neighborly relationship between the two countries.

The visit, scheduled from December 19 to 23, will be the first by an Indian prime minister in 34 years.

Once amiable and cooperative, the relationship between China and India deteriorated into border disputes in the late 1950s and the early 1960s. But in 1976, a thaw began when the two countries re-exchanged ambassadors.

Since then ties have been growing stronger, although not as strong as had been hoped. Gandhi's talks with Chinese leaders during this visit will be significant in further improving relations.

Although China and India have different political systems, they share many common needs and problems.

The two most populous developing countries—their total population accounts for more than a third of the world's people—China and India both need a peaceful international environment to carry out national economic and cultural development programs.

India is a major founding member of the Nonaligned Movement. China, which pursues an independent and peaceful foreign policy, will never align itself with either of the two superpowers.

Both countries now appear to acknowledge that they can work together more effectively to promote universal disarmament and world peace.

Although the Indian approach to Kampuchea and Afghanistan differs from that of China, both countries are concerned with the withdrawal of foreign troops and political settlements. China and India maintain a similar position on such important issues as South-South cooperation, North-South dialogue and establishing a new international economic order.

During his stay in China, Gandhi is also scheduled to travel to Xian and Shanghai. The choice of these two cities is seen as meaningful because Xian is an ancient capital linked with traditional Sino-Indian friendship, and Shanghai, China's largest city, reflects the country's economic development.

#### Delegation To Accompany Gandhi

OW1312170588 Beijing XINHUA in English  
1638 GMT 13 Dec 88

[Text] New Delhi, December 13 (XINHUA)—A high-level delegation will accompany Indian Prime Minister Rajiv Gandhi during his five-day official visit to China, it was officially announced here today.

The prime minister will be accompanied by his wife Sonia Gandhi.

Members of the high-level delegation include External Affairs Minister Narasimha Rao, [word indistinct] Minister B. Shankaranand, Commerce Minister Dinesh Singh, Foreign Secretary K.P.S. Menon, Secretary to the Prime Minister Mrs Serla Grewal, and Information and Broadcasting Secretary G.K. Arora, an official spokesman said.

Gandhi and his entourage will leave for Beijing on the night of December 18 and return on the evening of December 23.

#### Official Says Sino-Indian Trade Ties 'Good'

OW1412091188 Beijing XINHUA in English  
0829 GMT 14 Dec 88

[Text] Beijing, December 14 (XINHUA)—China and India are enjoying smooth and good trade relations, with a gradual increase of their two-way trade volume and the variety of trading goods, according to an official of the Foreign Economic Relations and Trade Ministry.

The official, who is in charge of the ministry's southern Asian affairs, told XINHUA in a recent interview that the trade volume between the two countries in the first 10 months of this year totalled some 188 million U.S. dollars.

The value of China's exports amounted to 116 million U.S. dollars and that of its imports to 71.75 million U.S. dollars, or increases of 62.28 percent and 223.21 percent over the same period last year.

The variety of trading goods has also increased in recent years, he added.

According to the official, the main goods China exported to India last year included raw silk, pig iron, chemical products, machinery, light industrial products and handicraft articles, while iron ore, chromium ore, coffee beans, leaf tobacco and artificial silk were the main items India exported to China.

To deal with imbalance in their two-way trade, the official said, the two countries are trying to increase their respective import volumes and looking for new trading goods.

He said China has not only increased its imports of Indian chromium ore and artificial silk, but also imported new goods such as urea, wool, timber, diamonds and chemical compounds.

With the efforts of both sides, this year's two-way trade volume from January to October more than doubled that of the same period of last year, he added.

Sino-Indian trade contacts date back to 1955, but were suspended in 1962. However, the two countries renewed their direct trade relations in 1977 and have strengthened ties under the principle of mutual benefit and helping supply each other's needs ever since.

Trade agreements between the two countries have been signed every year since 1984, the official said.

The official said that more exchanges of trade delegations from both countries could increase trading opportunities, including those of direct trade.



The official said he is confident that Sino-Indian trade relations "are bound to reach a new level" as long as the two sides make concerted efforts in actively exploring new trading channels and looking for new varieties of goods.

**Qi Huaiyuan Meets PLO's 'Arafat at UN**  
*OW1412040688 Beijing XINHUA in English*  
*0151 GMT 14 Dec 88*

[Text] Geneva, December 13 (XINHUA)—Chinese Vice Foreign Minister Qi Huaiyuan met Palestine Liberation Organization (PLO) leader Yasir 'Arafat here this afternoon.

Qi is here to attend the 43d UN General Assembly on the Palestinian issue.

He extended the congratulations of Chinese leaders on the success of the 19th special meeting of the Palestine National Council and the establishment of a Palestinian state.

Qi expressed his hope that the two countries will keep and reinforce their good relationship.

**Yang Shangkun Congratulates Pakistan President**  
*BK1412045488 Beijing in Urdu to India*  
*and Pakistan 1600 GMT 13 Dec 88*

[Text] PRC President Yang Shangkun has congratulated the newly elected president of Pakistan, Ghulam Ishaq Khan, in a message sent to him on 12 December. The congratulatory message says China and Pakistan are close friendly neighbors who have over the years established a sincere friendship and close cooperative relationship.

President Yang Shangkun expressed the confidence that China-Pakistan friendship will be further promoted and strengthened through the joint efforts of the governments and peoples of the two countries during the term of office of President Ghulam Ishaq Khan.

**XINHUA Profiles New Pakistan President**  
*OW1412090488 Beijing XINHUA in English*  
*1430 GMT 12 Dec 88*

[Text] Islamabad, December 12 (XINHUA)—Pakistan Acting President Ghulam Ishaq Khan was elected new president for the next 5-year term by the election college of the joint sessions of Parliament and the four provincial assemblies of Pakistan through secret ballot votes today.

Ghulam Ishaq Khan assumed office as acting president on August 17 this year after the sudden death of the late President Mohammad Ziaul Haq in an air crash in the country on the same day.

He is widely praised for holding free, fair, and impartial general elections for the national and provincial assemblies on November 16 and 19 respectively and the smooth transfer of power to the elected government of the Pakistan People's Party.

He was born on January 20, 1915 at Ismail Khel, Bannu, in the Northwest Frontier Province (NWFP).

He graduated in science with chemistry and botany from the Punjab University in Pakistan.

In 1940, Ghulam Ishaq Khan entered the Civil Service of the Northwest Frontier Province. On the country's independence in 1947, he was appointed secretary to the chief minister of the province. A year later, he assumed responsibilities as home secretary and the same year he was appointed secretary of food and director of civil supplies in the provincial government.

After the formation of one unit in the then West Pakistan, he was appointed secretary of development and irrigation in the West Pakistan Government. He was appointed chairman of the Water and Power Development Authority on February 1, 1961. On April 11, 1966, he assumed responsibilities as the finance secretary of the Government of Pakistan, which post he held for 4 years. On September 1, 1970 he was appointed Cabinet secretary. The following year, he was appointed governor of the State Bank of Pakistan.

He led a Pakistan delegation to the Economic Committee of Muslim States held at Jiddah in April-May 1974. He was appointed secretary general of defense to the Pakistan Government on November 24, 1975.

He was appointed secretary-general-in-chief with the status of a federal minister on July 7, 1977. On January 14, 1978, he was appointed adviser for planning and development. On April 21, 1979, he was appointed federal minister for finance, commerce and coordination and deputy chairman of the Planning Commission.

He was elected to the Senate in March 1985 and was subsequently elected chairman of the Senate on March 21, 1985. On expiry of his term, he was reelected chairman of the Senate in March 1988.

## **Sub-Saharan Africa**

**Foreign Ministry Lauds Angola, Namibia Protocol**  
*OW1412083888 Beijing XINHUA in English*  
*0808 GMT 14 Dec 88*

[Text] Beijing, December 14 (XINHUA)—The Chinese Government appreciates and welcomes the signing of the Brazzaville protocol on the political settlement of the Angolan and Namibian questions, said a Chinese Foreign Ministry spokesman here today.



The protocol was signed by Angola, Cuba and South Africa under U.S. mediation Tuesday.

"This is the result of the protracted struggle waged by the African countries and peoples with the support of the international community," the spokesman said.

It also gives full expression to the sincerity on the part of Angola and other African Frontline States for a political settlement of regional conflicts, he added.

"We sincerely hope that the parties concerned will implement in earnest the agreement already reached, effectively ensuring the sovereignty and security of southern African countries and bringing about Namibian independence at an early date," he said.

"We call on the South African authorities to conform to the current international trend and abolish once and for all the apartheid system so as to promote peace and stability in the whole region of southern Africa," the spokesman said.

#### 'Special Envoy' Yang Shangkun Visits Africa

##### Ends Kenya Visit

OW1412002988 Beijing XINHUA in English  
1250 GMT 13 Dec 88

[Text] Nairobi, December 13 (XINHUA)—The special envoy of Chinese President Yang Shangkun, Mr. Yang Rudai, left here this afternoon for a visit to Tanzania as the head of the Chinese Communist Party delegation after attending the celebrations marking the 25th independence anniversary of Kenya.

Mr. Yang was seen off at the airport by Mr. Kalonzo Musyoka, national organizing secretary of the ruling Kenya African National Union (KANU) and Professor Xue Mouhong, Chinese ambassador to Kenya.

During his stay here, the Chinese special envoy was received by Kenyan President Daniel Arap Moi and held talks with KANU officials on closer cooperation between the two ruling parties.

Last night, Mr. Yang held talks here with Mr. Sam Nujoma, president of the Southwest Africa People's Organization (SWAPO), during which Mr. Nujoma briefed Mr. Yang on the latest development of the Namibian situation.

Mr. Yang reaffirmed the Chinese Government support for the SWAPO and hoped that the current four-party talks on peace in Angola and independence for Namibia will gain fruitful results.

The Chinese Communist Party delegation will also visit Ethiopia.

##### Begins 6-Day Tanzania Visit

OW1412100188 Beijing XINHUA in English  
0122 GMT 14 Dec 88

[Text] Dar es Salaam, December 13 (XINHUA)—A Chinese Communist Party delegation led by Yang Rudai, member of the Political Bureau of the party Central Committee, arrived here this afternoon for a six-day official visit to Tanzania.

The delegation was greeted at the airport by secretary of the National Executive Committee of the Tanzania Revolutionary Party, K. Ngombale-Mwiru, and other high ranking officials of the ruling party.

Mr. Yang told reporters upon his arrival that the aim of his visit is to enhance the existing good relations and close cooperation between the two parties and two countries. During the visit, the two sides would further exchange experience on party activities, he said.

The Communist Party of China would continue to develop the effective cooperation between the two parties and the two countries, he added.

Mr. Ngombale-Mwiru said at an official dinner in honour of the Chinese delegation tonight that Tanzania regards China as her most dependable friend.

He said Tanzania has been observing the great achievements made by the Chinese Communist Party in improving the living standard of the people and in search of social reform. "Tanzania would learn from the experience that China has gained in the economic reform," he added.

During its stay here, the Chinese delegation is expected to hold official talks with Tanzania's party leaders to discuss ways to deepen the relations between the two sides. The delegation would also visit factories and Tanzania's party institutions.

#### West Europe

##### Wounded Netherlands Tourist Leaves Tibet

HK1412081288 Hong Kong AFP in English  
0808 GMT 14 Dec 88

[Text] Beijing, Dec 14 (AFP)—China has allowed a Dutch tourist who received a bullet wound in the arm when police opened fire on protesting monks and nuns in Lhasa at the weekend to leave Tibet, Dutch diplomatic sources said Wednesday.

The Chinese authorities had confiscated the passport of Christina Meindersma, 26, following Saturday's incident, and the Chinese press had suggested she may have been involved in Saturday's protest.

Miss Meinderama had now been told she could leave Lhasa and was due to travel to Hong Kong Thursday, a Dutch diplomatic source here said.

Westerners in Lhasa said that all foreign tourists had been ordered not to leave their hotels Tuesday and some had been interrogated by police for up to seven hours.

Foreigners in Lhasa at the weekend said that at least two and possibly up to 12 people were killed when police opened fire on anti-Chinese protesters on Saturday. Beijing has said that one person died.

(A Dutch Government spokesman said earlier that the Foreign Ministry had asked the Chinese Embassy in The Hague why Miss Meinderama was not being allowed to leave Tibet.

(She had said in a telephone interview with the Netherlands Press Agency ANP that the police had confiscated her passport and she wanted to go to Hong Kong for treatment, adding that her tourist visa was valid.)

**Qian Qichen Meets French Ambassador**  
*OW1412002788 Beijing XINHUA in English*  
1314 GMT 13 Dec 88

[Text] Beijing, December 13 (XINHUA)—Chinese Foreign Minister Qian Qichen met French Ambassador M. Claude Arnaud here today.

Arnaud, on behalf of French Foreign Minister Roland Dumas, is here to brief Qian on the preparatory work for the "conference of state parties to the 1925 Geneva protocol and other interested countries," which is scheduled to open next January in Paris. Arnaud forwarded a letter of Dumas to Qian.

Li Daoyu, assistant foreign minister, held a working meeting with Arnaud.

**Zhao, Li, Other Leaders at Nuclear Conference**  
*HK1412110088 Beijing XINHUA Hong Kong Service*  
*in Chinese 1130 GMT 13 Dec 88*

[Report by Liu Huinian (0491 0932 1628): "Party and State Leaders Meet Experts Attending Conference on Development of Nuclear Technology"—XINHUA headline]

[Text] Beijing, 13 Dec (XINHUA)—This morning, party and state leaders Zhao Ziyang, Yang Shangkun, and Li Peng met in Beijing, the 150 or so experts attending the Conference on the Development of Nuclear Technology, and congratulated them on their achievements in the country's nuclear industry and technology.

Zhao Ziyang said: China has quite a good team of scientists and technicians and an even better one in advanced scientific and technological research. This is a very valuable treasure as well as an important condition for our participation in the new global contest in aggregate national strength in the next century. He said: In the next century, China should occupy the place in the world which it deserves. This requires our team of scientists and technicians and, in particular, the team involved in the development of advanced science and technology, to make further efforts to strive for even greater success.

Yang Shangkun thanked all of them for their new achievements in scientific research. He called on them to continue to make unremitting efforts to make further achievements in science and technology, particularly in the field of advanced science and technology, in order to make China worthy of its international status.

Li Peng said: The experts are working under harsh conditions. This is by no means easy. The State Council will give as much support to their work as possible.

Before the meeting, the central leaders also heard reports presented by the experts on nuclear technology.

**Li Peng Chairs State Council Executive Meeting**  
*OW1412110988 Beijing XINHUA Domestic Service*  
*in Chinese 1322 GMT 13 Dec 88*

["Local Broadcast News Service"]

[Text] Beijing, 13 Dec (XINHUA)—The State Council held its 29th executive meeting today. The meeting, presided over by Premier Li Peng, discussed and adopted in principle the draft of the "Law of the People's Republic of China concerning Prevention and Cure of Contagious Diseases." After some revisions, the draft will be submitted to the NPC Standing Committee in the near future for deliberation and approval.

The draft is based on our many years' experience of implementing the "Regulations for Controlling Acute Contagious Diseases," repeated surveys of the domestic situation, and some relevant foreign legislation and data, and was drawn up after repeated research and revision.

The meeting today also listened to a briefing, given by the office of the State Council Educational Work Research Group, on the distribution of 1989 educational funds.

**Li Peng, Others Meet 'Spark' Award Winners**  
*OW1412111688 Beijing XINHUA Domestic Service*  
*in Chinese 1325 GMT 13 Dec 88*

["Local Broadcast News Service"]

[Text] Beijing, 13 Dec (XINHUA)—Leading Comrades Li Peng, Tian Jiyun, Yan Jici, Zhou Gucheng, and Song Jian met with representatives of the winners of the First National Spark Awards in the Great Hall of the People this afternoon.

Premier Li Peng said during the meeting: Agriculture is very important to China's economy and modernization, but it is a weak link at present. Agricultural development depends on correct policy, science and technology, and investment. None of these three is dispensable. Comrades, you are shouldering a great responsibility in turning the scientific and technological achievements in agricultural and other fields into a productive force and making them play a great role in promoting the development of rural enterprises.

After the meeting, a ceremony for presenting the First National Spark Awards was held. One hundred thirty-eight projects won the award. Song Jian, state councillor and minister in charge of the State Science and Technology Commission, spoke at the ceremony.

**Li Stresses Agriculture**  
*HK1412040888 Beijing CHINA DAILY in English*  
*14 Dec 88 p 1*

[By staff reporter Wang Dongtai]

[Text] Agriculture is very important to China's economy and modernization, but it is also a weak point at present, said Chinese Premier Li Peng yesterday.

Speaking at the Spark Programme awards ceremony in Beijing's Great Hall of the People, the Premier said the development of agriculture depended firstly on policy, secondly on science and technology, and thirdly on investment.

President of the State Science and Technology Commission Song Jian told the 138 award recipients that the Party Central Committee and the State Council were calling on all trades and industries in China to support agriculture.



The Spark Programme, launched three years ago to step up the introduction of science and technology to rural enterprises, has been mainly concentrated on a wide variety of industries, including food processing and commodity production. But for the future the aim is to specialize in large-scale farming and poultry-raising.

Programme director Jin Fanan said a couple of United Nations organizations had already decided to give financial support to the Spark Programme, which covers 9,655 projects throughout the Chinese countryside.

The organizations have carried out inspections and shown great interest in giving financial support, she said.

The Industrial and Commercial Bank and the Agricultural Bank will also give loans of 300 million yuan to Spark Programme projects next year.

The programme has been responsible for the introduction of advanced technology to all kinds of rural enterprises involved in the production of light industrial and agricultural products over the past three years.

But in the future, Jin said, priority will be given to farming, the processing of agricultural products, the planting of crops and the raising of poultry. Efforts are being made to secure even more money for the programme, which has already increased production value by 7.4 billion yuan and made a total profit of 1.6 billion yuan.

Jin said the Spark Programme was the first in China to use bank loans on such a large scale to implement technical projects.

To reward those who have successfully implemented the programme's projects, a State-level award scheme was established.

The first batch of awards were given to organizations and individuals in many fields and at all levels.

Meanwhile, China's official newspaper PEOPLE'S DAILY called attention to what it called the crying necessity of correcting a tendency towards overlooking agricultural development.

The paper warned yesterday that not enough money is being spent on agriculture, price ranges between industrial and agricultural products are widening, and too much is being spent on urban capital construction and hotels at the expense of agriculture.

The paper's commentary argued that agriculture should always be the basis of China's economy.

"The reason of our emphasis on the importance of agriculture is that our country's agricultural production capacity remains low and production means and modes backward," the paper added.

**Li Peng on Increasing Revenue, Saving on Expenses**  
*HK1412070188 Beijing RENMIN RIBAO*  
*in Chinese 8 Dec 88 p 1*

[XINHUA report by Xu Yaozhong (1776 5069 0022): "Li Peng Calls for Throughgoing Double-Increase and Double-Economy Campaign; State Planning Commission Lays Down Five-Point Guidelines"]

[Text] Beijing, 7 Dec (XINHUA)—In his speech to the National Planning Conference and the National Conference on Economic Restructuring recently, Premier Li Peng called on all localities, departments, and enterprises to carry out the "double-increase and double-conservation" campaign [the campaign to increase production and practice economy and to raise revenue and reduce expenditure] in a thoroughgoing and sustained way.

To our understanding, our country has a great potential for carrying out the "double-increase and double-conservation" campaign. The per-unit energy consumption of our major energy-guzzling products is on an average 40 percent higher than that of other countries. Our rolled steel utility rate is 15 percent lower than other countries. Of the 23 products selected for state appraisal, 15 had a rising electricity consumption index in the first 9 months of this year. Moreover, 22 out of the 39 major products had a rising energy consumption index.

Li Peng said: We should lower the excessive industrial growth rate and increase effective supply and revenues at the same time. The key to achieving this goal lies in efforts made to lower material consumption, raise labor productivity, improve the quality of products, and increase economic efficiency. In order to do so, we must carry out the campaign to increase production and practice economy and to raise revenues and reduce expenditures in a thoroughgoing and sustained way, and achieve good results doing it.

At the National Planning Conference, the State Planning Commission made arrangements for carrying out the "double-increase and double-conservation" campaign and laid down the following guidelines:

First, the "double-increase and double-conservation" campaign should be combined with the deepening of enterprise reform so as to promote and fulfill the "increase and conservation" targets with reform. The main tasks of enterprise reform in the coming year are: Continue to perfect the contract responsibility system, introduce the competition mechanism, pay attention to the optimum combination of labor within enterprises, and implement the "full load work method," "value projects," standardized management and service, and other effective management systems. Tap the potentials of enterprises by making the best possible use of men, material, and time.



Second, make strenuous efforts to lower material consumption. The per-unit consumption, particularly electricity and energy consumption, of the 105 major products selected for state appraisal in the coming year should be lowered by over 70 percent, 5 percent more than this year. To attain this target the task is arduous. Hence, all enterprises should strictly enforce quota management, perfect the conservation responsibility system, implement the system of rewarding those who save and punishing those who waste, check and examine the quotas starting with the first quarter of next year, and earnestly lower consumption.

Third, use working funds sparingly and reduce the misappropriation of these funds. As money will continue to be tightened in the coming year, capital shortage will become an outstanding problem in industrial and communication production. To solve this problem, the financial departments should implement the policy of supporting the good and restricting the poor, ensure the funds required by the backbone enterprises to purchase raw materials in the coming year, and not impose uniformity in curtailing funds. In addition, the industrial enterprises should take the overall situation into account, subordinate themselves to the unified plan of the central authorities, and adopt measures now to make an inventory of warehouses, reduce overstocking, speed up the turnover of capital, and increase the sources of funds.

Fourth, adopt vigorous measures to reduce deficits and increase profits. On the one hand, the profitmaking enterprises should be encouraged to increase income; and on the other hand, the losing enterprises should exercise management by objective and reduce their deficits. Enterprises incurring losses for a long time which cannot make up their deficits should be merged, sold by auction, or transferred to other enterprises for management. The amount of deficits of the losing enterprises in the coming year should be lower than that of this year.

Fifth, resolutely cut down the expenses not related to production. At present the increasing group purchases and the excessive nonproductive expenses for running errands, holding meetings, and receiving guests have caused colossal waste and also aroused mass resentment. In accordance with the requirements of the documents issued by the CPC Central Committee and the State Council recently, all enterprises should strictly enforce financial discipline, resolutely cut down the irrational expenses, and save on expenses.

**Song Jian Attends Beijing Invention Meeting**  
*OW1412114488 Beijing Domestic Service*  
*in Mandarin 2230 GMT 9 Dec 88*

[From the "News and Press Review" program]

[Excerpt] The 1988 State Invention Awards meeting was held ceremoniously in Beijing on 9 December. Two hundred and seventeen units and individuals won the

state awards at the meeting, including 4 first place awards, 20 second place awards, 97 third place awards, and 96 fourth place awards.

Yan Jici, Fang Yi, Song Jian, and other leading comrades attended the meeting and conferred medals and certificates on the award winning units and individuals.

Guo Shuyan, director of the State Recommendation and Examination Committee for Inventions, reported on the appraisal of inventions for the state awards. [passage omitted]

**Li Ximing, Others at Zhi Gong Dang Congress**  
*OW1312060388 Beijing Domestic Service*  
*in Mandarin 1030 GMT 12 Dec 88*

[Text] The Ninth National Congress of the China Zhi Gong Dang opened in the Great Hall of the People in Beijing this morning. Leading Comrades Li Ximing, Rui Xingwen, Huang Hua, Liao Hansheng, Lei Jieqiong and Gu Mu attended the meeting to extend their greetings. Before the opening of the congress, the leading comrades posed with all the delegates for a group photo to mark the occasion.

The China Zhi Gong Dang was founded in 1925. It now has a membership of more than 8,000. Huang Dingchen, honorary chairman of the Zhi Gong Dang Central Committee, delivered an opening speech.

Huang Dingchen pointed out: The tasks of this congress are to sum up the work since the Eighth National Congress, set the basic work and objectives for the next period, mobilize and unite the comrades of the whole party to strive to revitalize China, reunify the motherland, and build socialism with Chinese characteristics.

Rui Xingwen, member of the Secretariat of the CPC Central Committee, delivered a speech of congratulations on behalf of the CPC Central Committee.

Rui Xingwen said: The China Zhi Gong Dang is a prestigious political party having widespread connections with Overseas Chinese, returned Overseas Chinese, and Overseas Chinese relatives at home. During the long period of revolution and construction, the China Zhi Gong Dang has written a glorious history of patriotism and revolution and established a close, cooperative and fraternal party relationship with the CPC. In the new period of socialist modernization in China, the Zhi Gong Dang actively supports the general principles and policies of reform and opening to the outside world; takes part in consultation with regard to formulating major national policies, in management of state affairs and in democratic supervision; mobilizes its members and the masses with whom it has connections to participate in building socialist material civilization and spiritual civilization; promotes friendly exchanges with Overseas Chinese and their organizations; supports its members in maintaining close contacts with their relatives and

friends abroad; and takes actions to support China's four modernizations. It has played an important role in enhancing the rallying power of the Chinese nation and consolidating and expanding the patriotic united front.

Rui Xingwen said: In the present situation, the patriotic united front should serve the promotion of socialist modernization and democracy and the reunification of the motherland.

He pointed out: To adhere to and improve the system of multiparty cooperation and political consultation under the CPC leadership is a major task in China's reform of the political structure. The system has Chinese characteristics and great superiority. We earnestly hope that the China Zhi Gong Dang and other democratic parties will join the CPC in improving the economic environment and rectifying the economic order, strengthen their supervision and inspection of any corrupt phenomena among our party and government organizations, and constantly develop the cooperative relationship of working with one heart and one mind and uniting as one with the CPC in the course of reform and construction.

Lei Jieqiong, chairwoman of the Central Committee of the China Association for the Promotion of Democracy, delivered a message of congratulations on behalf of all other democratic parties and the All-China Federation of Industry and Commerce. Wu Juetian, vice chairman of the Eighth Zhi Gong Dang Central Committee, presided over the opening meeting. Dong Yinchu, acting chairman of the Zhi Gong Dang Central Committee, gave a work report, entitled: Love the Motherland, Dedicate to Public Interests, and Forge Ahead Under the Banner of Building Socialism With Chinese Characteristics.

**Rui Xingwen Speaks at Congress Opening**  
OW1212092788 Beijing XINHUA in English  
0807 GMT 12 Dec 88

[Text] Beijing, December 12 (XINHUA)—A Chinese Communist Party leader today pledged the Communist Party will continue to develop and perfect the multiparty co-operation system and enable non-Communist parties to have a greater say in China's political affairs.

Rui Xingwen, member of the Secretariat of the Communist Party Central Committee, also promised at the opening ceremony of the Ninth National Congress of China Zhi Gong Dang Party (or the Party of Public Interest whose members are mostly returned overseas Chinese) that more non-Communist Party members and people with no party affiliation will be absorbed into the government.

Speaking on behalf of the Communist Party Central Committee, he urged the Zhi Gong Dang and the other non-Communist parties to take an active part in the country's present drive to improve the economic order and the anti-corruption struggle.

Huang Dingchen, honorary chairman of the Zhi Gong Dang Central Committee said in his opening address that main agenda items of the congress will include listening to a report of the party central committee, revision of the party's Constitution and electing the ninth central committee.

In his report, Dong Yinchu, acting party chairman, said the Zhi Gong Dang has contributed a great deal to the country's modernization program since its eighth national congress convened in 1983.

During the past five years, he said, party members at all levels have actively participated in the country's political life. The party has also achieved much in developing its ties with overseas friends.

In 1983, the party had a total membership of 2,200. Now the figure is more than 8,000, he said.

Dong called on his party to continue to hold up the two banners of socialism and patriotism and contribute even more to the reunification of the country and its modernization.

Lei Jieqiong, vice-chairwoman of the National People's Congress Standing Committee and chairwoman of the Central Committee of the China Association for Promoting Democracy, delivered a message of congratulation on behalf of China's seven other non-Communist parties.

More than 250 deputies from various parts of China are attending the congress, which is scheduled to close next Sunday.

**Fei Xiaotong on Role of Democratic League**  
OW1012131688 Beijing XINHUA in English  
1538 GMT 9 Dec 88

[Text] Nanning, December 9 (XINHUA)—The China Democratic League, a non-Communist political party mainly composed of intellectuals, should play a greater role in helping raise the quality of the entire Chinese nation, said the league's Central Committee chairman, Fei Xiaotong, today.

Fei, who is also vice-chairman of the Standing Committee of the National People's Congress, encouraged league members in the Guangxi Zhuang Autonomous Region to make positive suggestions for running the country at a ceremony to mark the region's 30th founding anniversary.

He revealed that Communist Party General Secretary Zhao Ziyang had entrusted his league to work out a program for the overall development of China's educational system.

Speaking about major problems in China's education, the 78-year-old sociologist noted that low pay made a great number of teachers turn to other jobs and the dropout rate of pupils is rising in many parts of the country.

He called for constant government efforts to improve teachers' living and teaching conditions.

Fei encouraged 80,000 league members across the country to conduct earnest investigations, and provide advice and opinions for building a socialist political system with Chinese characteristics.

**Song Renqiong Leads Delegation to Guangxi**  
*OW1312194488 Beijing XINHUA Domestic Service  
in Chinese 1228 GMT 8 Dec 88*

[By reporter Li Shangzhi and apprentice reporter Liu Shiyang]

[Text] Beijing, 8 Dec (XINHUA)—Entrusted by the CPC Central Committee, the NPC Standing Committee, and the State Council, a central delegation headed by Song Renqiong, vice chairman of the Central Advisory Commission, left Beijing for Nanning by plane this morning to participate in various activities to mark the 30th anniversary of the founding of the Guangxi Zhuang Autonomous Region.

Fei Xiaotong, deputy head of the central delegation and vice chairman of the NPC Standing Committee, arrived in Nanning from Guangzhou today.

Seeing the central delegation off at the airport were Song Ping, member of the Political Bureau of the CPC Central Committee; Rui Xingwen, member of the Secretariat of the CPC Central Committee; Wu Xiuquan, Standing Committee member of the Central Advisory Commission; Bainqen Erdini Qoigy Gyaincain, vice chairman of the NPC Standing Committee; Yang Jingren, vice chairman of the National CPPCC Committee; and responsible persons of various departments concerned Fu Jie, Zhao Yannian, Zhuo Jia, Liu Xiaoping, and others.

The members of the central delegation include Cheng Siyuan, vice chairman of the National CPPCC Committee; Ismail Amat, vice chairman of the National CPPCC Committee and minister of the State Nationalities Affairs Commission; General Liu Huaqing, deputy secretary general of the Central Military Commission; Li Ding, deputy head of the United Front Work Department of the CPC Central Committee; Puncog Wangjie, vice chairman of the NPC Nationalities Committee; and Jiang Jiafu, vice minister of the State Nationalities Affairs Commission. Jiang Jiafu also serves as secretary general of the delegation.

**Forum Reveals Divergent Views on 'River Elegy'**  
*OW1312133888 Beijing GUANGMING RIBAO  
in Chinese 20 Nov 88 p 3*

["Chinese Thinkers' Research Center of Nanjing University Holds Forum on 'River Elegy'"—GUANGMING RIBAO headline]

[Text] The Chinese Thinkers' Research Center of Nanjing University recently invited some concerned experts and professors in the fields of literature, history, and philosophy in Nanjing to a forum on "River Elegy." In their discussions, the participants of the forum expressed divergent views.

#### On Overall Appraisal

During the discussions, everyone freely aired his views on what he thought was the correct way to make an overall appraisal of "River Elegy." Kuang Yaming held that a national nihilist trend of thought prevails at present, and that one example of it is the television film "River Elegy" he watched recently. The theme of the film can be summed up in three points: 1. It reflects more pessimistic than optimistic sentiments; 2. It contains more negative than positive factors; 3. It contains more backward than advanced elements. The writer made Huang He [Yellow River], Huangdi [Yellow Emperor], and even the color yellow and the yellow race all seem to be symbols of tragedy (pessimism) and he concluded by pinning hope on the color "sky blue." This is an erroneous portrayal, historically, ideologically, theoretically, as well as realistically speaking. This comrade even forgot the most important historical fact facing us. That is, that situated on a plateau at the upper reaches of Huang He, lies Yanan, which was the sacred place of the Chinese revolution which attracted worldwide attention in the 1930's and 1940's and that it was here where China's fate was decided and guidance was provided for the Chinese revolution to win its total victory. One must think of the source when one drinks water. How could one sing an "elegy" for it instead of singing praise for it in a big way? Associate Professor Pan Qun also held that it was wrong for "River Elegy" to negate all traditional cultures at the same time. History always leaves behind both the essence and the dross for mankind. It is true, of course, that we cling very closely to our national traditions, which contain much dross.

Xu Huizheng, deputy director of the Jiangsu provincial television station, took exception to the position of Kuang Yaming and others who took the attitude of overall negation of "River Elegy." She enthusiastically approved of the film. She pointed out: "River Elegy" has inspired millions of people to face society squarely and criticize the ills of the time. The repercussions it has created among television circles are unprecedented. It represents a successful cooperation between ideological and television circles. From the standpoint of the times and by using multidisciplinary methods, it presents views on values, history, and culture for the purpose of



being pondered together with the public. This is a two-way dialogue which goes through the heart. The conscious concern for the country shown in "River Elegy" stems from a profound patriotism. Instead of negating the traditional culture, it is precisely an attempt to find a common chord with the public on the idea of patriotism. It is, as Lu Xun said, a world-awakening masterpiece of the times that has come whizzing by with lightning and thunder. Guo Haiping, a young worker of the Nanjing plastic materials plant, presented a different view from that of Comrade Kuang Yaming who laid stress on the viewpoint of "criticizing and inheriting." He felt that, just as we can attain the goal of inheriting the traditional culture by singing its praises, we can also attain the goal of inheriting the traditional culture by criticizing it. "River Elegy" is not out to negate the traditional culture. On the contrary, it attempts to inherit it. The only difference is that the main point stressed by it is "criticism." It is to awaken the people's sense of concern. Chen Liao, director of the Research Institute of Literature of the Provincial Academy of Social Sciences, pointed out in his statement that "River Elegy" raised a question which millions of people feel concerned about and want to find an answer to. It represents the integration of elite culture and popular culture. It has created a form of dissemination for films containing political comment and is a commendable film. Professor Yu Dunkang pointed out specifically that the success of "River Elegy" lies in the fact that it has led the whole people to do some epochal deep thinking by using a modern means of propaganda and expressing great zeal and a deep sense of concern for the country. He held that "River Elegy" does not present a thesis and that therefore there is no need to be overcritical about the minor points or individual viewpoints contained in it. The important thing is to ponder the question of what "River Elegy" has raised for us and what we shall do after "River Elegy"?

#### On Loess Culture and Sky Blue Culture

Some comrades held that it was incorrect to refer to China's traditional culture as a loess culture and to Western culture generally as a sky blue culture. Associate Professor Yan Fan pointed out: Western culture has not always been a sky blue culture. In ancient Greece, there was once a sky blue oceanic culture. But by the Middle Ages, European culture had become even more closed to the outside world than Chinese culture and there was no sky blue culture for more than 1,000 years. It was not until after the Renaissance when the oceanic culture and the color sky blue reappeared. Associate Professor Pan Qun said that China's oceanic culture of the Qin Dynasty was one of great prosperity. The cultures of the Dongyi and Laiyi tribes, for instance, were all oceanic cultures. China's navigation was quite developed prior to the Song and Yuan Dynasties. The expedition by Zheng He to the oceans in the West was actually the result of the open door policy pursued by China since the Song and Yuan Dynasties. It was a period when China's navigation was the best in the world. The backwardness

that came in the wake of that period was the result of the closed-door policy adopted by the Qing Dynasty government. This should not be a reason for us to negate the sky blue periods in China's history.

#### On Concept of History

As for the concept of history represented by "River Elegy," many comrades had different views. Pan Qun held that China's history is not as is depicted in "River Elegy." It is a historical cycle that goes round and begins again. The process may be slow, but it gradually progresses. Furthermore, China's history is part of the world's history and its development is restricted on all sides. We must not be too critical of history. Another point is, the purpose of studying history is to make it serve reality. It is not to follow trends and one must not be content only with making complaints when studying history. Professor Hong Jiayi said: "River Elegy" leaves the viewer with the feeling that everything left over from history is a burden, that there is nothing good in it, and that all that is reflected in real life shows only that the dross is playing its role, and that therefore it concludes that traditions should be completely negated. We must deal with China's traditional culture with a historical viewpoint and in a scientific way. There are many fine traditions left over from history which we should inherit and carry forward. We must not let our feelings get the better of reason.

#### On the Cause of Backwardness

"River Elegy" raises a question that deserves to be pondered by us: Why is it that it has always been difficult for China to push the modernization drive in the past century and more and that it has always fallen behind the West? "River Elegy" blames this on China's traditional culture. On this point, some comrades had different views. In the opinion of Chen Liao, it is true that "River Elegy" raises a question, but that the answer it offers is one-sided. It is impossible to explain away China's backwardness in modern times, much less so to predict its future only by taking culture into account. The cultural and economic backwardness does not come from the loess. Why is it that in the Middle Ages, when the loess was the same as it is today, China was always ahead of the world in science and technology and culture? Why is it that we were able to build socialism on a foundation characterized by poverty and blankness? It was not because our culture was backward but because our economy was backward.

Professor Yu Dunkang pointed out: China's way out still lies in inspiring the national spirit and arousing national subject consciousness [zhu ti yi shi 0031 7555 1942 6221], both being linked to traditions and culture. Every nation has its own subject consciousness, that is, national independence, initiative, and awareness. The Chinese nation is a great nation that has always had a national subject consciousness. As a country with a long history and culture, it has experienced countless cultural

challenges. Even in modern times, attacked by the guns of the British Empire, the Chinese nation was drawn into a "cultural conflict in the broadest sense of the word." In meeting the challenge, Chinese culture painfully underwent changes and gained new vitality. Without a strong internal mechanism, it would be impossible for it to have such a great rallying power. The subject consciousness of the Chinese nation is as what Mr. Lu Xun said: "Since ancient times we have had people who quietly immersed themselves in hard work, defied death and worked hard, spoke for the people, and sacrificed themselves to seek justice. Even in the so-called 'history presented in a biographies'—mostly of emperors, kings, generals, and ministers—the brilliance of those people comes through. They are the backbone of China." Professor Yu Dunkang emphasized: To arouse national subject consciousness means to join society with an independent personality. Asia's "four little tigers", European countries, and the United States have all relied on the great motive force of national subject consciousness to promote social development in the course of their ascendancy. Associate professor Lu Xishu said: The general tendency of "River Elegy" is to negate traditions and culture. The authors pin their hope for China's future on "sky blue." I don't think that such a hope is reliable.

Regardless of whether they supported or opposed the viewpoints of "River Elegy," all the comrades at the meeting said: The repercussions of "River Elegy" are objective and great. Otherwise, why do we gather here to discuss it? All the comrades highly appreciated the authors' political enthusiasm of being concerned about the country and the people, their courage and ability to think, and their awareness of participation.

**Cultural Official Urges More Literary Debate**  
HK1012050688 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 1215 GMT 8 Dec 88

["Special article" by Sui Yi (7131 3015): "Wu Zuqiang Discloses Inside Story of Writers Congress"]

[Text] Beijing, 8 Dec (ZHONGGUO TONGXUN SHE)—When interviewed by reporters recently, Wu Zuqiang, executive vice chairman of the China Federation of Literature and Art Circles, said that the Fifth Writers Congress "had achieved relatively smooth progress and basically reached its goal."

At the writers congress a readjustment was made in the leading organ of the federation. The number of the federation's national committee members was reduced from the 460 at the last congress to 106, and their average age dropped from 82 to 61.7 years.

Referring to the arrangement of the federation's leading personnel, Wu Zuqiang said: In view of the fact that the Federation of Literature and Art Circles is a mass organization that has great influence throughout the country, before the congress was held a relevant central department proposed that one who enjoys high prestige

but is not too old should be elected its leader. Cao Yu, who was elected executive chairman this time, is the only one in the Presidium who is over 70 and fully qualified for the post. He was elected executive chairman through a vote by the national committee with the approval of the great majority of representatives. Wu Zuqiang disclosed that at the meeting some people proposed that Xia Yan continue to take charge of the work of the federation, but Xia said he was approaching 90 and felt his ability really falling short of his wishes. But he remained a member of the national committee and chairman of the Chinese Film Artists Association.

Wu Zuqiang also disclosed that according to the revised regulations of the federation, the executive vice chairman can only be elected from among the 106 national committee members. It was expected that one who has good professional knowledge and certain influence both at home and abroad and who is relatively younger would be elected to this post.

He said: The representatives were generally satisfied with the congratulatory speech delivered by Hu Qili on behalf of the CPC Central Committee. But they were also apprehensive that the spirit of what was a good speech may not be fully implemented in reality. Therefore, there was a strong demand for literature and art legislation.

Wu Zuqiang held that it is good to have more and more debate on an equal basis among different schools of thought in the literature and art circles, so that people's thinking can be enlivened and their understanding deepened. In this respect, it is necessary to listen carefully to different opinions or even sharp criticisms. He expressed hope that an atmosphere can be created in which people understand and respect one another and all kinds of views are aired. He said the discussion on the film "The Red Kaoliang" was really enjoyable. This kind of controversy can only benefit our future creativity. It will bring no harm to the film. He expressed the belief that a good piece of work cannot easily be defamed, and that a bad piece cannot be improved by lavishing praise on it.

He told reporters that the Fifth Writers Congress should have been held in 1984. But at that time the government allocated only 700,000 yuan to the congress. It was obviously insufficient under the price situation. Although a small sum was added later, it was still not enough to cover expenses. Moreover, he expressed regret over the difficulties in using cars and the fact that some guesthouses had increased their charges indiscriminately.

**Scholar Shares Thoughts on Reforming NPC System**  
HK1312092388 Shanghai SHIJIE JINGJI DAobao  
in Chinese 7 Nov 88 p 13

[Article by Cao Siyuan (2580 1835 3293), director of the Stone Social Development Research Institute: "Thoughts on Reforming the NPC System—Tentative Discussion on the Road to Socialist Parliamentary Democracy"—passages in boldface published as SHIJIE JINGJI DAobao precis]



[Text] Economic reforms are now urgently calling for support from the building of democratic politics. So far, only two forms of democracy have been developed comparatively in full: One is official-controlled democracy [yu yong min zhu 1785 3938 3046 0031], and the other is anarchical democracy. The former can no longer be accepted by the people, and obviously cannot be taken as the model for today's building of democratic politics; the latter brutally trampled on democracy during the "Cultural Revolution" under the signboard of "mass democracy." So, China needs a safe course of building democratic democracy without causing social unrest, and this should be the road of building socialist parliamentary democracy.

The world's modern history shows that it is wrong and unrealistic to regard parliament as something existing exclusively in a capitalist society and to negate the historical practice of socialist parliamentary democracy. This will only make democracy vanish too quickly and bring the socialist cause to the brink of failure. Now, the people's civil consciousness and representative consciousness have become much higher than before. They call for reforming the election system and raising the position of people's congresses. This is an irresistible trend in historical development.

Developing socialist parliamentary democracy represents a safe course leading to the building of democratic politics in China, and its essence is to build a system under which the people will really exercise state power through parliament and under which the legitimacy of the government is guaranteed by socialist parliamentary democracy.

#### **Economic Reforms Call for Democratic Politics**

Since the 13th CPC National Congress, a lot of work has been done to begin political structural reform in our country. The influential reform measures included the organizational reform of the State Council departments and the pilot schemes of reforming the organizational structure of local party and government institutions. However, even if great achievements are made in the administrative structural reform, they will only constitute a very small part of political structural reform and cannot be considered as the central task of political structural reform. In my opinion, the central task of the reform in the initial stage of socialism should be the effective building of socialist democratic politics, and this should also be the key link in the present reforms that we must tightly grasp.

Of course, politics is closely linked with the economy. The building of socialist democratic politics, like the development of the socialist commodity economy, needs gradual accumulation. The present problem is not that the pace of building democratic politics outstrips economic needs; on the contrary, the building of democratic politics lags behind and seriously impedes the deepening of the economic reforms and the development of economic construction. At present, our economic reforms

and economic construction are facing difficulties and risks, and we will not be able to make advances if we do not undertake the risks. Then, who is going to undertake the risks? Will a small number of leaders undertake them or will all cadres and ordinary people share the risks? I think that a small number of leaders cannot afford to assume such risks. The responsibility must be jointly taken by all people from top to bottom, if we are to tide over the difficulties by undertaking the risks. How can we arouse the initiative of the masses to jointly undertake the risks? The only way is to quicken the pace of political structural reform, speed up the building of socialist democracy, gradually increase the openness of the state's political life, democratize the procedures for making the state's major policy decisions, and ensure the realization of the citizens' rights to be informed by the government, to participate in government, to comment on government, and to exercise supervision over the government. Only thus will hundreds of millions of citizens be able to fully understand the necessity and arduousness of the major reform measures and be completely willing to undertake the risks, work hard, and strive for victory along the course they themselves select; they think that the major reform policy decisions made by the leading bodies through pooling the wisdom of most people really represent the interests of most people.

Otherwise, if we close the door of democratic politics or do not open it wide, ordinary citizens will have no way of being informed or participating in and commenting on government, and they will regard the reform measures as something without relation to them or as something imposed arbitrarily by a small number of leaders and their counselors. As a result, some reform measures which serve the fundamental interests of the masses will not be accepted by them and may even evoke their aversion. This is proved by the "sea of complaints" existing everywhere in China. We must never neglect this problem. China's reform as a whole will eventually succeed, but each reform campaign may succeed or fail. If a reform campaign is not understood and supported by most people, it will inevitably fall through. Economic reforms are now urgently calling for support from quickened political structural reform and from all cadres and ordinary people who are mobilized to make joint efforts to overcome the difficulties through the development of a democratic system.

#### **The Predicament in the Building of Democracy and the Solution**

There are also great difficulties in the building of socialist democratic politics. So far, only two forms of democracy have been developed, comparatively in full, in the history of our socialist construction.

One was officially controlled democracy. This was carried out when Comrade Mao Zedong remained sober-minded. At that time, democracy meant that people were "allowed" to speak and leaders might accept opinions



within the limits of tolerance. So some useful opinions were accepted. If people's opinions went beyond the limits of tolerance, then they would be treated sequentially in three ways:

—Leaders listened to such opinions by restraining themselves from flying into a rage and by keeping a straight face.

—They then ordered those who aired their opinions to stop spreading poisonous ideas, stop being vulgar, and stop being unruly in word and deed.

—Finally, counterattacks on the rightist remarks would be organized, and those making such remarks would be attacked ruthlessly and would become objects of dictatorship.

Although officially controlled democracy was not all bad, its destiny was mainly determined by the leader's likings and dislikings and his personal mood. State affairs and the cause of the entire nation were finally decided upon by the supreme leader. The disastrous consequences of such practice were well known to all people. Even Marshal Peng Dehuai, who exercised his democratic right at the meeting of the party central leadership, was down on his luck. Therefore, such official-controlled democracy is now no longer accepted by the masses and the vast number of cadres, and it is obvious that it should not be taken as the model for today's democratic politics. The other form was anarchical democracy, or "mass democracy" during the "Cultural Revolution." In fact, democracy was brutally trampled on under the signboard of "mass democracy." The civil rights and personal freedom of many people, from the president of the People's Republic to women in mountainous villages, were wantonly infringed upon. The economic order and social stability were completely disrupted, and the development of productive forces was seriously obstructed. The backward, barbarous, destructive, and despotic character of "mass democracy" is still deeply borne in mind by the 1 billion Chinese people.

As one of its harmful consequences, such anarchical democracy caused a deep-rooted misunderstanding of democracy among many comrades, who even now still cherish such misunderstandings. For these comrades, "large-scale democracy" means great chaos, and small-scale democracy means small chaos. They afraid to hear about democracy, and they are worried that too much democracy would only make anarchism spread rampantly. So, in my opinion, China needs a safe course of building democratic politics without causing any social unrest, and the democracy China needs must clearly be different from official-controlled democracy and anarchical democracy. This should be socialist parliamentary democracy, which is a system under which voters in a socialist country can form their representative organs through regular general elections so exercise state power, manage state affairs, and supervise the collective political activities of the representative organs.

As socialism is both our objective and our development course, socialist parliamentary democracy should also be the reasonable objective for our efforts to build political democracy and the realistic course that we will take to build democratic politics.

#### The Historical Position of Socialist Parliamentary Democracy

Parliament, as a political term that has been used for several hundred years, refers to all kinds of representative organs formed through election by citizens. In some countries, it is also called a national assembly or congress. It derived from the medieval delegate conferences of various feudal ranks in Great Britain. After the bourgeois revolution in the 17th century, Britain was the first country to establish its parliament in scientific terms. Then, this form was taken successively by the United States, France, and other countries. Thus, the bourgeois democratic system with parliament as the core took shape.

After freeing themselves from colonialist rule and winning political independence, most Third World countries discarded their previous autocratic systems and successively took the road of establishing parliaments and the parliamentary democratic system.

Socialist countries appearing after the victorious October Revolution and after World War II all established their representative organs without exception. In the Soviet Union, it is called the Supreme Soviet; in Mongolia, it is called Hural; in Korea, it is called the Supreme People's Assembly; and in other socialist countries, these representative organs are called the National Assembly or Federal Assembly. In our country, it is the People's Congress, which is also called by some foreign friends "China's parliament." According to the XINHUA dispatch on 13 September this year, NPC Standing Committee Chairman Wan Li called both China's NPC and Mongolia's Hural the "parliaments of the two countries." The civil representative organs in socialist countries have different names, they are all socialist parliaments in nature. So, when seeking the common laws and studying the objective and course of building socialist democratic politics, we can adopt the internationally accepted term of "parliamentary democracy" and do not need to differentiate in details, "People's Congress democracy," "Soviet democracy," or "Large People's Hural democracy."

Modern world history clearly shows that it is completely wrong and unrealistic to regard parliament as something existing exclusively in capitalist society. Parliament is a representative organ, which is not only needed by capitalism but also by socialism. As Lenin said in his essay "State and Revolution," "Without the representative organ, it is hard for us to imagine the existence of democracy, even proletarian democracy." In the economic field, the socialist commodity economy is a stage of historical development that no society can transcend;

in the political field, socialist parliamentary democracy is also a stage of historical development that cannot be transcended. The tortuous development course of socialism in the past 70 years and more after the October Revolution showed that any attempt to negate the historical position of socialist parliamentary democracy and to build "the high degree of democracy under the guidance of a high degree of centralism," which in fact made the government stand above parliament, made the party stand above the government, parliament, and the court, and made the party's leader stand above the whole party, would only make democracy "vanish" too early and bring the socialist cause to the brink of failure. People will not easily forget this historical lesson of being ruthlessly punished by history due to the violation of the law that governs the development of democracy.

#### **Socialist Parliamentary Democracy and Capitalist Parliamentary Democracy**

The criticism of capitalist parliamentary democracy in the past decades left a deep impression on people's minds, while "socialist parliamentary democracy" is too strange to the people. When this is mentioned, people may ask in unison: What is the difference between it and capitalist parliamentary democracy? In my opinion, there are two major differences:

First, capitalist parliamentary democracy is based on private ownership of the means of production, while socialist parliamentary democracy is built on the economic base with public ownership as the main body.

Second, in the parliaments of most capitalist countries, two or more political parties take the ruling position in turn; but the system of socialist parliamentary democracy is led by the communist party, and this is determined by the special social conditions.

Some people are worried that parliamentary democracy may make the Communist Party lose its leading position; and others hope that a multi-party system will appear in China. In fact, these two ideas are both unrealistic. The exclusive ruling position of the Communist Party is the result of the long bloody struggle of this party in history; in the present realities, this is determined by the unparalleled strength of the Communist Party as compared with other parties; and in the future, it will be guaranteed through the efforts of the progressive members of the party to carry out continuous reforms, unite most party members, and eradicate the corrupt elements in the party. Therefore, the exclusive ruling position of the Communist Party will not be changed or replaced by any others.

#### **Guarantee the Legitimacy of the Government Through Socialist Parliamentary Democracy**

Many remarks made by Comrade Mao Zedong in fact represented the truth. For example, he said: "Who gives us power? The people." It is a pity that he did not further elaborate through what form the people give power to "us." This can only be concretely analyzed by people of later generations.

In the early years of the People's Republic, people agreed with a simple truth: "Political power grows out of the barrel of a gun." Our political power was won by the People's Armed Forces led by the CPC. A PLA regiment commander could be appointed by the party organization to be a county magistrate immediately after he took off his army uniform. At that time, there was no need to elect the county magistrate through a people's congress. Afterwards, the elections by the People's Congress was merely a formal procedural step, as the nomination of the party organization and the scar left by the war on the body of the candidate would always guarantee his election, and he would never encounter a rival. The legitimacy of the regime did not come from votes, but from the meritorious service of government leaders in the revolutionary war. Under certain conditions, this was both legitimate and reasonable. It is understandable that in those years, people did not really pay attention to the powerless condition of the "power organs."

In the new historical period, things are quite different. The New China is now almost 40 years old. Most county magistrates, as well as most ordinary people in their counties, do not have scars left by the war on their bodies. They grew up under the red flag. Why can you become county magistrates or deputy magistrates, and why can't we? What is the legitimacy of your county government based on? Obviously, it can only be based on the election of the county people's congress, and cannot be based on the meritorious service of fathers or grandfathers of the current county officials, or on the recommendation of the party organization. This is because no one can achieve an official position in the government without winning a majority of votes in the People's Congress as specified by the law. In particular, if the number of candidates is larger than the number of the elected, some candidates will certainly fail to be elected. The will of the voters should determine which candidates are elected and which are not. If the party organization or some leaders go beyond the limits of the law and try to exert an influence on the results of the election, this may be exposed as a government scandal.

Social progress cannot be perceived in a number of days. However, the New China has traversed a tortuous course of 40 years, and the people's civil consciousness and representative consciousness are much higher than before. In the past, they did not care about the "rubber stamp" status of the People's Congress. In the new historical period, more and more people feel cheated and ashamed when they are aware of this state of affairs. They demand that the "rubber stamp" be made harder, the quality of the People's Congress be improved, the status of the People's Congress be raised, the election system be reformed, the openness of the People's Congress be seriously increased, and full play be given to the People's Congress in state political life. This is an irresistible trend of historical progress. If our comrades are not fully aware of this, or try to obstruct this trend wittingly or unwittingly, they will inevitably cause serious political losses to the party and the state. Therefore,



we deeply feel it necessary to put forward and give wide publicity to the road of socialist parliamentary democracy without delay.

Both Article 2 of the 1954 Constitution and Article 2 of the 1982 Constitution stipulate: "All power in the PRC belongs to the people. The organs through which the people exercise state power are the National People's Congress and the local people's congresses at different levels." However, for a fairly long time in the past, the organs that directly exercised state powers were party organizations at various levels. Sometimes (as during the 10-year catastrophic upheaval), it was the party leader alone who exercised state power in the name of the people. Now, we advocate the development of socialist democracy, and this in fact requires us to establish a system under which the people can really exercise state power through parliament (that is, the people's congresses in our country). This will ensure the actual implementation of the Constitution, and will also enable the party to play a better leading role within the limits of the law and within the People's Congress system.

**CPC 'Pins High Hopes' on Democratic Parties**  
*HK1312022388 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 0453 GMT 10 Dec 88*

[Report by reporter Chen Liyu (7115 4539 1342): "The CPC Pins High Hope on Democratic Parties"]

[Text] Beijing, 10 Dec (ZHONGGUO XINWEN SHE)—Yan Mingfu, member of the Secretariat of the CPC Central Committee, recently revealed that the CPC is preparing to adopt important measures to further consolidate, enrich and develop a multiparty cooperation system under the leadership of the CPC. Generally speaking, this cooperation is not limited to the 8 democratic parties alone. The Federation of Industry and Commerce will also be included. At present, the relevant plan has been worked out, and is being gradually implemented. This information has arrested the attention of all.

Recently, various democratic parties in China held their congresses successively. The CPC leaders attended these congresses and read their messages of congratulation. Their messages of congratulation include two new points: first, stressing the necessity of continuously perfecting, consolidating, enriching and developing the multiparty cooperation system under the leadership of the CPC, so that the strong points of the system can be fully carried forward; second, stressing that the CPC will fully support various democratic parties and nonparty personages to expand their participation in the formulation and implementation of the major policies and guiding principles of the state, to take part in government work, to join the undertaking of improving the economic environment and rectifying the economic order, and to supervise the work of the CPC and government organs.

All these promises and measures have shown that the CPC has realized that its great undertaking needs the support of various quarters, especially when it is facing greater difficulties. Only by working with one heart and one mind, can achievement be made. This has also demonstrated that the CPC has increasingly attached importance to the role and status of democratic parties, and pinned high hopes on them in the reform in the future.

In all fairness, in recent years various democratic parties in China have truly done a good job. Regarding their organizational structures, although their members are currently few, they have been expanding fairly rapidly. As far as the Chinese Peasants and Workers' Democratic Party is concerned, from 1983 to 1988, its members have increased from 13,000 or so to more than 43,000, an increase of about two-thirds. In a period of 5 years from 1983 to 1988, members of China Democratic National Construction Association have increased from more than 20,000 to more than 40,000, an increase of about one-half. Almost all democratic parties have set up their branches in localities and grass-roots units at all levels, and some have established their own national networks. According to statistics compiled by relevant departments, in 1978 the members of the 8 democratic parties only totalled 80,000 or so. However, during the first half of this year, they increased to more than 290,000.

What is more important is that of the new members recruited by various democratic parties in recent years, many of them are accomplished middle-ranking or senior intellectuals, and their quality is comparatively high. For example, of the new members recruited by Chinese Peasants and Workers' Democratic Party and the Revolutionary Committee of the Chinese Kuomintang, middle-ranking and senior intellectuals have accounted for 50 to 70 percent. Most of the new members recruited by China Democratic National Construction Association, China Democratic League and China Association for Promoting Democracy are the backbone in the economic, scientific, technical and educational sectors.

The gradual improvement and perfection of the organizational structure, and the enhancement of the quality of their members have laid a good foundation for various democratic parties' participation in the state affairs, so that their role can no longer be neglected.

As far as their capability in participating in and discussing government and political affairs is concerned, in recent years various democratic parties have also significantly enhanced it. According to Chairman of the China Association for Promoting Democracy Lei Jieqiong, in the course of discussing the draft of the decision of the CPC Central Committee on educational structural reform, her association put forward important opinions for revision, which were accepted by the CPC. Jiq Yibin, one of the leaders of the Revolutionary Committee of the



Chinese Kuomintang, also said that his party had discussed national or regional important policy decisions on the development of Hainan, the Three Gorges Project, population, education, and so on.

They contributed to the work of ensuring that the policy decisions of the CPC and government were made on a democratic and scientific basis. The Chinese Peasants and Workers' Democratic Party has put forward many valuable proposals on the reform in the medical and public health fields, which have arrested the attention of the government. The CPC has pinned high hopes on various democratic parties, and stated that it will take measures so that they will play a greater role in working together with the CPC to overcome difficulties. It is not groundless for the CPC to do so.

At present, various democratic parties have more deputies in the NPC and the CPPCC, and members working in these two organizations. The Chinese Peasants and Workers' Party has more than 3,700 members, who are NPC deputies, CPPCC National Committee members, or working in these two organizations, accounting for one-tenth of the total number of the members of the party. The China Association for Promoting Democracy has 3,100 members or so, accounting for about 13 percent of the total number of the members of the party. The proportion is fairly high.

Of course, the number of the members of the democratic parties taking government leadership posts is still limited. People are Feng Tiyn, vice chairman of the Central Committee of China Democratic National Construction Association, who is now vice minister of the Ministry of Supervision, are very few. However, if the CPC honors its promises mentioned above, it can be expected that in the future more and more members of democratic parties will take up government leadership posts to give play to their ability.

In a fairly educationally backward country like China, what various parties have done has caught the attention of the society. According to incomplete statistics, the China Democratic National Construction Association, China Association for Promoting Democracy, Revolutionary Committee for the Chinese Kuomintang, and the Chinese Peasants and Workers' Democratic Party alone have run more than 800 schools. The accumulated number of qualified personnel of all kinds trained by these schools has been as high as 2 million or so. This might be one of the reasons why the CPC has increasingly attached importance to democratic parties.

**Paper Cited on Support for Socialist Democracy**  
OW1012145188 Beijing XINHUA in English  
1453 GMT 9 Dec 88

[Text] Beijing, December 9 (XINHUA)—China is facing an arduous and urgent task: to promote socialist democracy, today's "PEOPLE'S DAILY" says.

the paper devoted half of its fifth page today to a signed article which explains the importance of socialist democracy.

"Socialist democracy should develop with a basically synchronous pace with a socialist commodity economy, for the development of a socialist commodity economy needs not only a favorable economic environment but also a favorable political environment," the article says.

"Generally speaking, the improvement of democracy is linked with the development of commodity economy. However, we cannot neglect or postpone the development of socialist democracy and just stress economic development, otherwise the development of a socialist commodity economy would be hampered," it says.

The article criticized those people who hold that efficiency should have priority over democracy as China is now in a period of rapid economic development.

"Democracy will help raise efficiency since people's initiative will be brought into full play in a democratic atmosphere," the article says.

It says that it is not realistic to demand too high a degree of democracy in China as the country is still in the primary stage of socialism but [word indistinct] wrong to put aside the development of democracy as a task for the future.

"What we should do now is to try out best to boost the development of democracy and put it into practice," the article says.

**Public Service System Experiment Slated**  
OW1012122088 Beijing XINHUA Domestic Service  
in Chinese 1425 GMT 4 Dec 88

["Local Broadcast News Service"; by reporter Hu Qinghai and apprentice reporter Liu Siyang]

[Text] Beijing, 4 Dec (XINHUA)—According to the National Personnel Affairs Work Conference, which ended in Beijing today, a system of public service will be tried out in a few departments under the State Council and a few departments under some provincial governments next year.

The organizations selected to conduct the experiment are those that have optimized their personnel structure in the course of organizational reform. The experiment will deal with the overall management system, including such practices as recruitment tests, promotion procedures, performance appraisal, and award and punishment. It will also deal with the transition from the old to the new system.

Zhao Dongwan, minister of personnel, disclosed during the conference that while trying out the system of public service next year, recruitment tests will be given to select

new public servants in accordance with the Interim Regulations for Government Functionaries and other relevant legislations. The promotion of personnel to leading posts should begin to adhere to the principle of merits under the guidelines of promotion and demotion legislation. He stated: If the conditions for legislation and implementation are basically right at this time, then some specific laws and regulations concerning the system of public service should be enacted and gradually implemented among incumbent personnel. First, it is particularly necessary to enact and implement laws and regulations concerning performance appraisal, award and punishment, and discipline to help ensure honesty among the personnel of state organs.

**Job Markets Proposed for Skilled Workers**  
*HK1412030088 Beijing CHINA DAILY in English*  
14 Dec 88 p 3

[By staff reporter Li Chao]

[Text] The Ministry of Personnel is hoping to set up an employment service for workers with skills in demand.

A framework for the service, which would operate at the county level throughout the country, is expected to be completed by the end of this year.

In a report early last month, the ministry said that various services already have been organized in several cities and provinces to develop a labour market and to help skilled workers learn about job opportunities.

Wenzhou City in Zhejiang Province has set up more than a dozen employment centres of such workers.

The centres give information about pay and pensions, contract positions and even openings for volunteers.

A forum on job exchanges held recently in Guangdong Province attracted 42,000, of whom 20,000 came from outside the province.

Job seekers are particularly keen on finding openings in the economically developed areas and in places receiving preferential treatment, according to YANGCHENG EVENING NEWS.

In Jinan, capital of Shandong Province, about 12,500 people have found new jobs through labour exchanges in the city. The exchanges are held on both regular and irregular basis.

Rules for governing and legalizing the markets are being set up in Shanghai, Shenyang, Jinan, Wuhan, Ningbo and Zhenjiang.

Shenyang, capital of Liaoning Province in Northeast China, also has set up an arbitration committee to handle labour disputes. It has dealt with 270 cases to date and mediated 210 successfully.

The city governments of Shanghai and Ningbo are working on unemployment insurance plans to guarantee basic living standards for the unemployed.

The ministry report said the old way of assigning jobs still prevails and hinders the introduction of new practices.

Neither employees nor employers have any say in the present State-controlled system, the report noted.

The lack of social welfare schemes, job arbitrations and unemployment services also restrains people from leaving their jobs to look for new and better ones.

An official from the ministry said the drive to maximize industrial production by regrouping resources, including employees, has not given the workers any more freedom to choose jobs or move to other jobs.

Because of the insufficiencies of the social welfare system, surplus manpower has to remain attached to the enterprises. This frustrates reform.

**Rural Family Planning Seen as Lax**  
*HK1412030688 Beijing CHINA DAILY in English*  
14 Dec 88 p 1

[By staff reporter Li Zhuoyan]

[Text] China needs to tighten up on birth control, especially in rural areas, according to an official from the State Family Planning Commission.

Gu Hailu told CHINA DAILY that most families with more than one child were found in the countryside.

Last year, the country had 3 million births outside the State plan. Women are more likely to have two children or more in poorer and remote areas.

Every year between 1989 and 1994, there will be 100 million women in China aged between 20 and 29, the peak child-bearing years.

One measure taken by some local units to control the birth rate is to impose fines on those who have violated the family planning policy. "However, some rich farmers are willing to pay fines, no matter how large, in order to have more children," Gu said.

For example, GUANGZHOU EVENING NEWS reported, farmer Xun Weixi from Yangzhong County, Jiangsu Province, showed no regret when he was fined 55,000 yuan for having fathered two children outside the State plan.

Gu said that the important thing is to help people realize that the family planning policy is in their own best interests.

In some places the drawing up of contracts between family planning units and farmers and their families has proved to be effective.

The farmers promise to follow family planning policy, and agree to be punished if they don't.

**Satellite Navigation Positioning Network Completed**

OW1412110588 Beijing XINHUA Domestic Service  
in Chinese 1210 GMT 13 Dec 88

[From "Brief News on Scientific Research Results"]

[Text] Beijing, 13 Dec (XINHUA)—The establishment of China's continental shelf satellite positioning network was completed on 5 December, filling in the gaps in the field of China's oceanic geodesic survey [hai yang da di ce liang, 3189 3152 1129 0966 3261 6852], and marking a new page for China in developing satellite positioning technology. Satellite positioning is a technology using information from satellites to accurately determine the coordinates of a point on the earth. It is one of the most advanced technologies in the world. Currently, China, which has 309 satellite positioning points on land and in the sea, is the country that has the most satellite positioning points.

**Heavy Ion Accelerator Developed in Lanzhou**

OW1412024088 Beijing XINHUA in English  
1502 GMT 13 Dec 88

[Text] Lanzhou, December 13 (XINHUA)—What is claimed to be the biggest heavy ion accelerator in China has been developed in Lanzhou, capital of Gansu Province.

A heavy ion accelerator is a device that enables heavy particles to acquire energy through an electric field, according to scientists responsible for the project.

The accelerator comprises a planter, a major accelerator and eight experimental terminals. The ions are isolated after they have circulated 300 times in a vacuum.

The technology can contribute to the research of atomic, elementary and solid physics, material science and radiation medicine, according to scientists.

The newly developed accelerator has taken 12 years to develop by over 100 scientific institutions.

**First Large Nuclear Power Turbine Built**

HK1312003188 Beijing XINHUA Hong Kong Service  
0918 GMT 10 Dec 88

[Report by reporter Zhang Gaopeng (1728 7559 7720) and correspondent Jiang Hongfa (5592 3163 4099): "China's First Large Nuclear Power Turbine Built in Shanghai"]

[Text] Shanghai, 10 Dec [XINHUA]—The first 300,000-kilowatt nuclear power turbine designed and manufactured by China was manufactured at the Shanghai Turbine Factory, and passed through the state-level acceptance test yesterday.

This installation will be installed at the Qinshan Nuclear Power Plant in Zhejiang. It is mainly composed of a high-pressure cylinder unit [gao ya gang zu 7559 1090 4971 4809], a low-pressure cylinder unit [di ya gang zu 0144 1090 4971 4809], and a steam-water separator. During the manufacturing process, the technicians solved more than 40 key difficult problems, and completed over 20 technological experiments and key technical projects, so as to guarantee that the installation can fulfill every target as originally designed.

It is reported that the lesson of the incident at the Soviet Chernobyl nuclear power plant was borrowed during the manufacturing process. They also perfected and improved the system guaranteeing the quality of the installation. Quality supervision was conducted during the whole process from design to manufacture in order to guarantee a high quality.

**Militia Force Helps Guard Borders, Coastal Areas**

OW1012212988 Beijing XINHUA in English  
0719 GMT 9 Dec 88

[Text] Beijing, December 9 (XINHUA)—Militia force is on the increase in China's border and coastal areas although the total number of militiamen across the country has fallen since 1981, "CHINA DAILY" reported today.

The function of the militiamen scattered on China's 40,000 - kilometre - long border and coastline has become particularly important since 1985 when China cut back its regular forces by one million and left long stretches of the border unguarded, said Yu Chuzhong, an official with the headquarters of the General Staff of the People's Liberation Army who is in charge of the work.

Advanced equipment and weapons have been given to these militia units, more sentry posts have been set up and practical training have been strengthened, according to the report.

This made the residents feel safer, especially those on the far-flung islands or in sparsely populated areas, Yu said.



On Nanji Island, the most remote island in Zhejiang Province, 3,000 residents had asked to go back to the mainland after the Army retreated. They were afraid of pirates or other attacks from the sea.

A militia battalion was soon organized and the islanders are calmed, the paper said.

Many of the emergency response militia units can be assembled in a few minutes, Yu said.

In the militia, women are playing an important role especially when men go fishing off the sea, according to the daily.

About 1,400 women have served in the vanguard women's militia company of Dongtou Island, Zhejiang Province, the paper said.

Combined defence headquarters of the Army, police and militia units have been set up in border and coastal counties to ensure effective action when necessary, Yu stated.

In combating smuggling, the militia can be a great help to the police department because they have installed sentry posts at all important road junctions, according to Yu.

On the Sino - Vietnamese border, militiamen even help build or repair roads, transport wounded soldiers and military materials, and join in small scale military actions, according to Yu.

Lu Huachao, a militia platoon leader in Guangxi Zhuang Autonomous Region, has removed over 3,000 land mines by himself.

The Vietnamese forces have offered high reward for capturing him, but he is still free, working to ensure the safety of the border areas, the paper reported.

In peace time, the militia's function is closely tied to economic construction.

The militiamen on Hainan Island have organized over 10,000 economic cooperatives, growing orchards, producing aquatic products [words indistinct] various industries, according to the report.

A militia battalion in Qionghai County of Hainan Island has bought 90 motor vehicles with its own money. They usually transport aquatic products, but these vehicles enable them to change into a motorized battalion if necessary, the paper reported.

**Book Explores Development of Military Aircraft**  
*HK1312035988 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 1121 GMT 12 Dec 88*

["China Has Revealed for the First Time the Detailed Development of Its Military Aircraft and Missiles"]

[Text] Beijing, 12 Dec (ZHONGGUO XINWEN SHE)—Various kinds of Chinese fighter planes, attack planes, bombers, and tactical missiles, which were once shrouded in mystery and have arrested the attention of the outside world, will fully reveal their real faces. The English-language version of a book entitled "Contemporary Aviation Industry of China," which is a history of Chinese aircraft manufacture, and for special overseas distribution, will be published soon.

This is the first book giving a systematic account of the development of Chinese military and civil aircraft, and missiles also. The book mentions the following types of aircraft: The Chujiao-5 fighter, manufactured in the 1950's; the Jian-6 and Jian-7 supersonic fighter planes; the sophisticated Jian-82 fighter; the Yun-5, Yun-7, Yun-8, Yun-10, and Yun-12 short- and medium-range transport planes; the MD-82 large passenger plane, jointly manufactured by China and the United States; and new civil aircraft jointly manufactured by China and foreign countries for main airlines; as well as air-to-air and coastal defense tactical missiles used to equip the fighters. The book also give accounts of aviation generators, airborne facilities, and so on.

With authoritative data, "Contemporary Aviation Industry of China" gives a complete picture of China's aviation undertaking. This 700,000-character book contains more than 300 color and black-and-white photos. It is a book of 16 mo, bound in hard cover.

**Military Dropouts From Universities 'Disturbing'**  
*HK1212014588 Beijing JIEFANGJUN BAO*  
*in Chinese 27 Nov 88 p 1*

[Article by Zhong Jie (6945 3381): "The Dropout Phenomenon Is Disturbing"]

[Text] Some reporters who visited the Army barracks recently found many office, battalion, and company cadres indulging in playing poker or mahjong in their spare time rather than reading and writing. They keenly felt that the cadres are less enthusiastic about studying sciences, culture, and military knowhow than they were in the preceding 2 years. The datum shows: A total of 117 cadres of a certain PLA unit enrolled in a self-study university in 1987, but only 48 persons took part in the examination this year, with the dropouts constituting 59 percent of the enrollees. A number of comrades gave up halfway through, though they had studied hard for several years and passed the final examination in only five subjects.

Cadres are tired of studying, and students are dropping out. This situation is truly worrisome. The scientific and cultural level of our Army cadres used to be low and can hardly meet the needs of the modernization of the Army. The situation has improved through several years of effort, but we cannot afford to relax. According to statistics, only a small number of university and college graduates are assigned to work in the Army every year, while a comparatively greater number of cadres with a college education and above are transferred to civilian work. The educated people who quit the Army outnumber those who join the Army. If things continue this way, there is a danger that nothing will come of the "two 20 percent"—that is, the goal of the percentage of Army cadres with a college education and above having increased by 20 percent based on figures from 1985 to 1990, and another 20 percent by 1995 put forward by the general headquarters of the three armed services.

Why are Army cadres fed up with study and why did they give up their studies halfway? I believe there are at least two reasons:

1. They think that the "diploma craze has cooled down," namely, "knowledge has devaluated." According to a sample investigation conducted by Fudan University, 33.3 percent of the army men sampled maintained that "studying is useless." Evidently this is a misunderstanding of the cooling down of the "diploma craze." The "diploma craze," which was all the rage for a time, showed the people's valuable enthusiasm for acquiring knowledge, but it also mixed with negative factors blaspheming knowledge, such as "some people bought their diplomas," "some people made a gift of diplomas," and "others regarded diplomas as superior to an actual professional level." Therefore we should take an analytical attitude toward the "diploma craze" in the preceding stage. It is necessary to treasure, encourage, and support the people's enthusiasm for acquiring knowledge, and, on the other hand, we should provide guidance to and correct those negative practices by which practical results are ignored or trickery is employed. This in no way means that knowledge is devaluating, and "studying is useless." With the progress of the modernization of the Army, Army cadres are more than ever required to improve their cultural and professional level. The level of the scientific, cultural, and military knowledge on the part of the officers and men determines the fighting capacity of the Army.

2. The trend of "engaging in trade at the expense of studying" in society also affects the army men's values. Having found that some illiterates have become bosses, and some middle school students who discontinued their studies have made a windfall by engaging in the illegal traffic, some soldiers misunderstood that "little knowledge is needed for commodity economy, and it is better to devote energy to establishing unprincipled connections than to reading." According to a newspaper, in Zhejiang Province, the ratio of the number of students the institutions of higher learning planned to recruit to

the number of applicants is 1:1.39 this year, the lowest percentage over the years. In Shanghai last year, more than 380 college students discontinued their studies. In Zhangjiakou area, nearly 1,000 students in 41 universities, colleges, and middle schools have given up their studies since last year. Army cadres and local youth have something in common in their distaste for study. I believe, the fact that some people who have little knowledge are able to make big money is a short-lived "abnormal" phenomenon found in the process of reform. To engage in commodity economy, which is different from the simple labor in natural economy, calls for extensive knowledge, not only knowledge of economy, but also knowledge of society, politics, laws, and natural sciences. The more developed the commodity economy, the more valuable the knowledge. Those who lack or have little knowledge will accomplish nothing.

Of course, there are more reasons for the cadres to drop their studies. For instance, some units failed to make a unified arrangement for self-study, and provide scientific guidance to cadres; or the subjects they studied did not tally with their jobs so that they had little interest in them; or they found their studies very difficult on account of too low an educational level and were forced to "play hookey;" and so on. We should look at the dropout phenomenon from various angles as we do other problems. We should overcome this phenomenon in an all-round way. On the one hand, we should clarify the confused ideas, such as "it is useless to study," "knowledge is devaluating;" on the other, we should organize and arrange cadres' studies in a scientific way, and oppose formalism and the tendency to concentrate on quantity and speed alone, so that the broad masses of cadres will have an insatiable desire to learn, supporting the modernization of the country and Army.

**Urban Residents To Pay for Public Utilities**  
*OW1312061988 Beijing XINHUA in English*  
1603 GMT 12 Dec 88

[Text] Beijing, December 12 (XINHUA)—China's urban residents will in future have to pay for the use of public utilities, China's minister of construction said today. This will help the state to raise funds towards building up the infrastructure, he said.

Speaking at a national meeting which began today, Lin Hanxiong said a detailed scheme will be drawn up as soon as possible in line with state policies concerning urban construction.

Public utilities have long been provided as part of the country's overall welfare program, Lin said. But the charges no longer reflect the costs of providing the services. As a result, the charges for the use of utilities such as water and electricity are mere tokens, he said.

To use one kilowatt-hour of electricity in Beijing costs 16.4 fen (less than five U.S. cents), Lin said.



"This has caused a severe shortage of funds for the construction of urban infrastructure," Lin said, adding that strains in the supply of water, electricity and gas adversely affect economic development and peoples' daily life.

The low price also leads to great waste. In Shanghai, while the water company suffered a loss of 16 million yuan last year, some enterprises diluted their sewage with running water to meet the state standard of environmental protection.

According to the minister, fees will be charged on water drainage, large bridge [as received], rubbish disposal and use of public sanitation facilities.

"A sound urban infrastructure is one [of] the vital conditions for investment environment," Lin said. In addition to governmental funds, he went on, other organizations or even individuals are encouraged to invest in the infrastructure.

**Questions Posed on 'Controlling Inflation'**  
*OW1312010888 Beijing RENMIN RIBAO in Chinese*  
2 Dec 88 p 5

[Article by Yang Peixin: "Several Questions on Controlling Inflation"]

[Text] It is not easy to check inflation. Great efforts are needed. In my opinion, the following questions require our study and resolution:

1. How can we effectively rein in total social demand? In our efforts to rein in total social demand, we should concentrate on investment by the state in capital construction and management fees for administration—institutional purchasing power—because expansion of total social demand is mainly caused by a drastic increase in government investment in capital construction and institutional purchasing power. The problem with investment in capital construction at present is that office building, auditorium, and guesthouse construction projects are widely sought after, and some construction projects of light textile and machine-building industries overlap. Institutions derive their purchasing power from management fees for administration and administrative expenses; a considerable portion of this is spent for entertainment banquets and buying and maintaining sedans. Since the 3d Plenary Session of the 13th CPC Central Committee, some provinces and municipalities have decided on suspending new office building, auditorium, and guesthouse construction projects this year and next year. Will they be renewed on a bigger scale after a suspension of 2 years? In my opinion, administrative intervention can obtain desired results only for a while. It is like trying to hold down a buoy with one's own strength. The moment one lets go, it pops up again. Is it possible to consider a reform of the political system, with decision-making on policies publicly carried out in a democratic and scientific manner for the purpose of

addressing this problem? An effective measure widely adopted by foreign countries is to have every budget, particularly that for social infrastructural projects, submitted to the assembly at the same level for consideration and approval. By so doing, government organizations are placed under supervision and prevented from expanding their size and that of their staff at will, and thus from committing extravagance and waste. In order to succeed in this respect, we could consider strengthening people's congresses at all levels by increasing the number of their deputies from among entrepreneurs, reporters, writers, teachers, students, workers, peasants, and office staff. We should carry out socialist democracy by taking action in this respect. It is an effective measure to bring the overly extended investment and drastic increase of institutional purchasing power under permanent control.

2. How can we effectively attract idle funds and withdraw currency from circulation? It is a very good practice to begin operating value-ensured savings deposits now for various time periods, periods of 3, 5, and 8 years, but the practice needs further improvement. We may also consider choosing a few commodities, such as famous-brand television sets and refrigerators, which could be purchased by people from the bank in advance. The funds will then be loaned by the bank to the television and refrigerator industries to enable them to organize a joint task force comprising both the enterprise and scientific and technological sectors to concentrate on continuous technological renovation for such key component parts as Brown tubes and compressors in a bid to enable these industries to catch up with and surpass international standards and to manufacture these parts domestically. China exports some television sets and refrigerators it produces. They are welcomed in the international market. Labor cost is comparatively low in our country. It is entirely possible for us to manufacture good quality products at cheap prices, sell them on the international market, and meet our people's needs at home in a relatively short time.

3. How can we set up a central bank that has the ingenuity to flexibly and effectively regulate the macro-economy? Our practice over the past years shows that without a strong and powerful central bank we cannot take the initiative in discovering and dealing with problems arising from the macroeconomy. In order to enable the people's bank to truly play the role of a central bank and effectively regulate the national economy, we may consider taking the following two practical and feasible measures. First, we may put the central bank under the jurisdiction of the people's congress. It reports to the people's congress and will be under the supervision of the people's congress standing committee. It is held directly responsible to the people's congress and to the people. Second, the central bank may select some entrepreneurs, scholars, and experts to reinforce its council, keep economic circles informed of the current situation, and solicit their views. It should select some experienced veteran experts who have been involved in addressing



the problem of inflation for three times since the founding of the Republic to take part in decision-making. The contracted managerial responsibility system should be implemented among specialized banks, which should be granted decision-making powers in conducting loan operations.

4. How can we have a good and correct grasp of monetary policy? Three factors were taken into account in calculating money supply in 1981: the economic growth rate, the ratio of price hikes in the year, and the growing amount of currency held by the masses following the contracting of output quotas to households with the production team conducting unified accounting and the appearance of self-employed industrial and commercial businesses. It was reasonable to make such a calculation at that time. The last factor has little effect at present. However, it is highly questionable whether the ratio of price hikes in that year should be taken into account because it was the result of an excessive issue of paper money. Generally speaking, price hikes lag about 1 year behind the excessive issue of paper money. If excessive paper money is issued in proportion to the ratio of price hikes, it would mean that we could predict a continuous upward trend in commodity prices the next year. Therefore, the economic growth rate of the current year should be taken into account as the main factor. As the excessive amount of paper money issued every year after 1983 has not yet been completely offset by the price hikes, it is suggested that the factor of price hikes not be taken into account in the next 2 years. The price hikes factor will be counted at approximately 3 percent annually after inflation is brought under control.

5. How can we correctly control price policy? Some people are of the opinion that reform is relaxing control and that price increases are reform. That is a misunderstanding. When there are serious shortages of certain commodities, prices will soar once control is relaxed. Chaos is bound to follow in the wake of a price hike. It will not only hurt the interests of consumers, but also adversely affect the initiative of those who are engaged in production. We must be realistic and practical. When trouble occurs as a result of premature relaxation of control, we must have the courage to resume the setting of prices by the state as well as state purchases on a monopoly basis. Whenever windfall profits are made as the result of excessive price hikes, the prices must be reduced. When prices of raw materials essential for production have increased too much, rather than letting the prices of products downstream from the production flow take turns rising, we must further rationalize the prices of raw materials. It is recommended that a special meeting be held between manufacturers and distributors of these products to negotiate prices. The prices agreed upon by negotiation must guarantee reasonable profits for enterprises both upstream and downstream from the production flow. Any enterprise that arbitrarily raises prices after prices have been agreed upon by negotiation shall have its purchase payment forfeited and shall also be penalized. The special meeting should also make

arrangements for increased production of raw and semi-finished materials in serious short supply and coordinate with processing enterprises, urging them to supply funds and technical knowhow to the raw and semifinished materials industry to accelerate increased production. This will be far better than having the department in charge of industry formulate measures behind closed doors in meeting the demands of the objective situation. Price reform is conducted for the purpose of establishing a price mechanism for market regulation. It cannot be accomplished overnight by relaxing control over prices. Control over prices cannot be relaxed until a sound enterprise mechanism is established and perfected by deepening enterprise reform and unless enterprises can accumulate their own funds, invest in their own projects, carry on their own technical transformation, compete with their competitors, and prevent price hikes by others by monopolizing the market. Under the current circumstances, if we are rash in relaxing our control over all prices, we can only produce results that are contrary to our wishes. As for the suggestion to keep up with international prices, it is unrealistic.

6. How can we fundamentally solve the problem of shortages of commodities and raw and semifinished materials? The phenomenon of shortages in socialist countries is caused by the systems of "eating from the same big pot," the "iron rice bowl," and "giving arbitrary and impractical directions." The contracted managerial responsibility system is a good means to break free from these three systems. At present, continued efforts should be made to carry out the contracted managerial responsibility system, which has yet to be perfected. Village and town enterprises in our country owe their flourishing development to independent management, which entirely breaks with the systems of eating from the same big pot, the iron rice bowl, and giving arbitrary and impractical directions. While improving the contracted managerial responsibility system of enterprises, we must also see to it that enterprises are freed from these shackles so productive forces may develop vigorously and an abundant variety of commodities can be turned out day by day.

**Economic Belt in Eastern Provinces, Part One**  
*HK1412093988 Beijing RENMIN RIBAO in Chinese*  
8 Dec 88 p 2

[Article by staff reporter Lu Jianzhong (0712 1696 0022): "One Line and Two Ports Linking Europe and Asia—Notes on a Trip to the Economic Development Belt Along the Lanzhou-Lianyungang and Gansu-Xinjiang Railways (Part One)"]

[Text] The economic development belt along the Lanzhou-Lianyungang and Gansu-Xinjiang railways is broad, covering the eastern two ports of Lianyungang and Yili. In this long "golden belt" are rich coal mines, oilfields, nonferrous metal mines, and energy resources in the middle and lower reaches of the Huang He. There are

also potential resources of agriculture and animal husbandry extending from northern Jiangsu to northern Anhui, the central plains, the 800-li Qin Chuan, the 2,000-li corridor to the west of the Huang He, and as far as the cultivated areas in Xinjiang, the latter being a wheat and cotton producing region in China. The cotton output in this region accounts for half of the country's total, and its quality is well-known throughout the country and around the world. Of the five pastoral areas in the country, three are in this region. This region is also rich in resources like forests, fruit, vegetables, oil-bearing crops, tobacco, and medicinal herbs, which helps increase foreign exchange income. More and more people have come to understand that developing this economic belt and linking Europe and Asia will be of strategic significance to China's economic construction.

Recently this reporter made a long distance trip to this economic development belt which covers 11 provinces and autonomous regions and dozens of prefectures and cities. During his trip he saw the spirit of reform and creativity. The people here are active in breaking regional blockades, removing old concepts, and overcoming fund shortages. They are also devoting their efforts to the comprehensive development of this economic belt by proceeding from foreign trade, commodity circulation, science, technology, communications, transportation, funds, energy, and labor services. The dozen or so regional specialized development organizations along these railways are operating like closely-related links in a chain. Agricultural and animal husbandry production bases are springing up in turn as are export commodity processing bases.

In the eastern port of Lianyungang, comrades from the economic department and port administration related the results of their surveys, studies, and joint explorations conducted over the last few years. According to surveys by Chinese and foreign experts, the economies in the Asia-Pacific region and around the Pacific are on the upswing; the potential zone for rapid economic development is shifting from the west to the east; China's structural reform and economic development are drawing world attention; economic exchanges, cooperation, and explorations between Europe and Asia are becoming a huge, unalterable trend; and many far-sighted economists are shifting their attention to the Asia-Pacific region. The construction of the eastern port of Lianyungang in particular, which forms a link between Europe and Asia, is drawing the attention of people from Chinese and foreign economic and trade circles. This is the most convenient international channel through which goods can be transported to Europe, twice as fast as through Vladivostok or the Taiwan Strait. Japan, which is just across the sea, the United States, and other countries in the Asia-Pacific region have on several occasions sent people to conduct surveys and discuss establishing trade relations. Japan has made a \$100 million investment in the joint construction of the port. In different ways Britain, France, the Soviet Union, Italy, and West Germany have expressed interest in developing this economic channel.

Domestically, Lianyungang is an ideal port for imports and exports for the provinces and regions along the railways. Henan Province, through which the Lanzhou-Lianyungang railway runs, annually exports some 2 million tons of goods through 14 ports in the country, and this figure is going up. The distance between Zhengzhou and Lianyungang is 400 km shorter than the distance between Zhengzhou and Shanghai or Qingdao. This can save 8 to 10 yuan on each ton of freight.

To cater to the needs of international and domestic economic development the central government has formulated a program to accelerate the exploitation and construction of Lianyungang. After repeated surveys and theoretical reasoning, the problem of removing sludge and improving soft foundations was resolved. Projects expanding the deepwater berth in the port are in full swing. During an inspection of this port Comrade Zhao Ziyang, aware of its bright prospects and difficulties, encouraged builders of the port to fully utilize the preferential treatment provided by the state, and to play a leading role in bringing about an economic upswing along the railways. Comrade Zhao Ziyang also pointed out that Lianyungang is a national port and not a provincial one. Therefore, he added, the provinces and regions along these railways should make joint efforts in the construction, management, and utilization of the port. According to this instruction the construction and management system of the port is being reformed and updated. A dozen or so 10,000-ton berths have been built both in the old and new port areas along an 8,000-meter coastline. Trade relations have been established between here and some 170 ports in about 70 countries and regions. Contracts have been signed between the new port area and 11 provinces and regions along the railways for the joint construction of 30 berths and export processing, storage, and transportation facilities along a 5,000-meter coastline.

Lianyungang is still in the initial stage of construction. It had a weak foundation to start with and is short of funds and transportation facilities. However, it is already displaying its positive role in promoting the economies of provinces and regions along the railways and exploiting the agricultural and animal husbandry resources of eastern China. During a visit to Ganyu County in northern Jiangsu, a county leader told this reporter that for several years the county had been holding a golden rice bowl. Since Lianyungang was put into operation he said, six export bases have been built catering to the international market. Joint efforts are being made with a dozen or so cities in the country to exploit the county's resources. Capital is being pooled with Japan and Hong Kong to develop aquatic breeding and processing. Many integrated bodies and individuals have bought trucks to engage in transportation to Lianyungang. The grain and cotton producing county of Peixian, which borders on Jiangsu, Shandong, Henan, and Anhui, could not even support itself before the construction of Lianyungang due to policy reasons. Over the last few years its animal husbandry, agriculture, and sideline products processing



industry have gradually developed. The blinds made of reeds and furniture made of paulownia wood the county exports to Japan through Lianyungang each year account for over 100 million yuan in foreign exchange. Using industry to supplement agriculture has enabled the county to register a new record in grain and cotton output this year, and the county has delivered 200 million jin of grain to the state.

On a train passing through the plains of eastern Henan, a comrade from the Henan economic and trade department told me about the prospects for exploiting the resources in the central plains. As he told it, an American businessman asked Nanyang and Zhumadian in Henan to provide 40,000 tons of beef through Lianyungang and process another 40,000 tons of selected beef, requiring some 200,000 oxen in all. However, there are scarcely 100,000 oxen in these two areas so far. There are many such examples. Indeed, like a "dragon head," Lianyungang is providing a port for resources that have been lying idle for long in many localities and a large amount of overstocked goods have found a new market. Following the development of trade, money markets in the provinces and regions along the railways can accommodate 8 billion yuan by means of seasonal and regional differences. Northern Anhui and eastern Henan have accommodated funds totaling 170 million yuan from Zhengzhou and Urumqi, thereby promptly fulfilling the task of purchasing and exporting cotton and tobacco.

**Economic Plan for Mountain Poor Revealed**  
*HK1412030288 Beijing CHINA DAILY in English*  
14 Dec 88 p 3

[By staff reporter Cheng Hong]

[Text] Nanning, Guangxi—An economic development belt is to be set up in the Lingnan mountain area of China's southwestern provinces of Guangxi, Guizhou, Hunan, Sichuan and Guangdong to help the local people, particularly those of the Yao and Miao nationalities, escape poverty, according to Fei Xiaotong, the prominent sociologist and vice-chairman of the Standing Committee of the National People's Congress.

In a discussion yesterday with some 100 intellectuals in Nanning, capital of Guangxi Zhuang Autonomous Region, Fei, 78, called on scientists, scholars and other experts to devote themselves to subjects that "are relevant to people's daily lives."

In Guangxi alone, there are some 20 million people living in remote mountainous areas engaged in farming and leading a very hard life.

According to a survey conducted by the Guangxi Academy of Social Sciences, all 20 million are living below the official poverty line (200 yuan a year and 200 kilograms

of grain for each person every year.) It also indicated that more than half of the farmers do not have enough food and clothing, and that nearly 35 percent don't have enough water to drink.

"The most effective way to help the local people is to exploit special local products and to assist them with financing and marketing," said Fei, noting that herbs for flavouring and medicine flourish in the region and could be very profitable.

Mo Dingxing, an engineer with the Guangxi Academy of Sciences, said at the discussion that the most urgent tasks in the development of mountainous areas are to develop local products and minerals and to restore the ecological balance.

He said that basic infrastructure for energy, transportation and water conservancy is badly needed in the mountainous areas. Education and family planning also need more attention.

Earlier this year, the State Council approved an improvement strategy for the minority nationality communities along the upper reaches of the Yangtze River in China's southeastern region.

**Economic Laws Protect, Encourage Joint Ventures**  
*OW1112131188 Beijing XINHUA in English*  
1045 GMT 11 Dec 88

[Text] Beijing, December 11 (XINHUA)—China has issued more than 500 laws and regulations since 1979, including about 400 involving economic management. More than 160 laws and regulations cover economic co-operation with foreigners.

"CHINA DAILY" reports that most of the economic laws cover the protection of foreign investment.

According to the country's constitution, foreign enterprises, economic organizations and individuals are allowed to invest and engage in economic endeavours in China. Their legitimate rights and interests are protected.

The Sino-foreign joint venture law stipulates that parties to the ventures should share profits, risks and losses in proportion to their contributions to the registered capital. The responsibilities of the parties to the ventures are limited to the amount of investment each has contributed.

In October 1986, the State Council issued provisions to encourage foreign investment and later published 10 regulations to improve the investment climate.

Joint ventures, especially those producing for export and using advanced technology, enjoy special preferential treatment.



More than 700 joint ventures in China were chosen last year as export-oriented and technically-advanced joint enterprises. Such projects enjoy preferential treatment in tax, exports and imports of materials, equipment and vehicles used in production.

China also has made regulations to guarantee the autonomy of enterprises with foreign investment.

According to provisions encouraging foreign investment, foreign-backed enterprises can make decisions independently on production plans, fund raising, purchases of raw materials and sales of products. They also have the right to decide salaries and bonuses.

Joint ventures also have the right to hire senior management personnel and other staff members.

Sino-foreign joint production enterprises are allowed to buy products (excluding products monopolized by the state) on the domestic market if they fail to balance foreign exchange income and expense.

Joint ventures also enjoy privileges in the supply of water and electricity and transportation. They pay the same price for the supplies as state-owned enterprises.

In order to guarantee that foreign investment is protected in China, the country has signed investment protection agreements with more than 20 countries, including France, Federal Germany, Romania, Sweden and Japan.

The agreements have provided legislative protection to overseas investment in China.

**Laws Regulate Foreign Business Operations**  
*OW1312064488 Beijing XINHUA in English*  
1531 GMT 12 Dec 88

[Text] Shenzhen, December 12 (XINHUA)—There are now over 200 laws and regulations governing the operation of businesses with foreign investment in China, a labor official said here today.

Addressing a symposium on the management of foreign - funded businesses which opened here today, Peng Maoan, director of the Overall Planning Bureau of the Ministry of Labor, said these laws and regulations had helped 85 percent of the foreign - funded businesses to operate profitably.

In the last 10 years, the central government has enacted such laws and regulations covering infrastructure, energy, transportation, telecommunications and management, Peng said.

"These laws and regulations are beneficial to both foreign businesses and their Chinese partners, although they are not perfect," Peng said, adding that they are going to be improved.

Drouet, director of the International Labor Office, told the meeting that his office will help China to perfect these laws and regulations, which will cover employment, training, working conditions, safety and hygiene.

About 150 delegates are meeting from December 11 to 17 here to discuss the management of foreign - funded enterprises. The symposium is sponsored by the Ministry of Labor and the International Labor Office.

**Draft Regulations on Share Issues Progress**  
*HK1412043088 Beijing CHINA DAILY in English*  
14 Dec 88 p 4

[By staff reporter Gao Shi]

[Text] The People's Bank of China is trying to get the provisional regulations on share issuing drafted before the end of the year, in the face of the almost simultaneous experiments with the share-capital system.

Zhang Yujun, a People's Bank official, told CHINA DAILY that he and his colleagues are working on the fifth version of the draft.

"It will be submitted to the bank leadership for final studies at the end of December," Zhang said. "We hope it will be published and take effect early next year."

The share capital system is seen as a major way to deepen the reform of State-owned enterprises, a long lackadaisical sector of the economy. The experiment is gaining momentum across the country.

At least 6,000 enterprises reportedly have adopted the system. However, many of them have yet to live up to the standard of a true joint-stock company, Zhang observed.

Between last September and October, Zhang said, appeals from enterprises for share issuing were so many that the bank was unable to handle the applications.

"It is always like this—people would like to swarm along the general direction, and this is bound to create some disorder," he said.

"Our principle, which is shared by the State Commission for Restructuring the Economy, is that enterprises shouldn't be allowed to issue shares in an anarchic manner, approved by no authorities and governed by no laws or regulations," he said.

"Each joint-stock enterprise must acquire the status as an experimental case."

The provisional regulations will stipulate that any would-be joint-stock company must first gain approval from the local government commission for restructuring the economy, and then submit as many as 12 reports to the People's Bank for authorization.

The reports will cover assets evaluation, to be signed by the bank's evaluation department, a share-issuing programme and qualification of the enterprise's accounting section.

The regulations will require that stocks be bought voluntarily, ruling out any compulsory purchases. "The money that the enterprise collects by selling stock should be used first to replenish its working capital, to clear off due loans and debts," Zhang said.

If it is to be used to invest in new fixed assets, the enterprise will have to apply again to the banking authorities. And 30 percent of the money will have to stay in a special account, as guarantee of the proper management of the entire amount.

"This is devised to help control overheated capital investment today," Zhang explained.

The shares will be divided into two categories. But a considerable number of shares now involve both interest and dividends. "This is certainly an irregular situation," Zhang said.

#### Private Businesses

"The ways for many enterprises to experiment with the share-capital system will have to be corrected," he said.

Although an increasing number of private businesses have come into being, none will be allowed, at the moment, to become a joint-stock enterprise, according to the draft of the provisional regulations.

Following the government's approval of these regulations, a set of regulations on stock exchange also will be established.

**Paper Views Urban Property Right System Reform**  
OW1312013888 Shanghai WEN HUI BAO in Chinese  
1 Dec 88 p 4

[Article by Wang Xinkui: "Looking at the Empiricist Trend in the Practice of Reform of the Property Right System"]

[Text] The course of reform in China proves that the central issue in socialist economic restructuring is reform of the property right system. Perhaps guided directly by intuition, the development of theory and practice in reform during the last 10 years basically moved along the path of reform of the property right system and of the price structure. As a result, today we are finally able to summarize our experience. I firmly believe that discovering a problem is the beginning of solving the problem. The prospect of economic restructuring in China is an optimistic one.

#### What Is the Basis of Success in Rural Reform?

There is unlikely to be anyone today who still doubts the success of rural economic restructuring in China. The basis of success in rural economic restructuring lies in the smooth completion of reform in the rural property right system and the agricultural product price structure. The fundamental content of this reform is the change of the agricultural product price structure from a system of "state monopoly of purchase and marketing" to a dual-track price system, and the change from the property right system of people's communes to an output-related contract responsibility system based on the household as a unit. In the course of these transitions, the three fundamental elements of China's current rural economic structure were formed, namely, a contract system based on the household as a unit, an output-related responsibility system, and a dual-track system for agricultural product prices. These three elements are mutually dependent and mutually restrictive. For example, the household responsibility system determines the right of the producer (household) in using capital goods (land), the output-related responsibility system determines the ownership of capital goods by the state, and the dual-track agricultural product price system prescribes the principle of profit distribution between the owner and the user of capital goods. Of course, along with the development of China's rural economy, it was inevitable that the basic framework of this rural property right system was found wanting in many respects. However, up till now, there is no indication that this type of property right system created any serious obstacles for the development of China's rural economy.

#### Why Are the Steps of Urban Reform So Difficult?

At the start of urban economic restructuring in 1984, a general mood of optimism prevailed. There was no reason for anyone to doubt that the successful experience of 800 million people in the countryside would meet with much trouble when introduced to cities and towns, with a total population of only 200 million. Therefore, no matter what sort of wishful thinking people might have, urban economic restructuring since 1984 developed basically along a path similar to that of rural economic restructuring. In order to determine the right of industrial enterprises, as producers, to use capital goods, we implemented the method of delegating power at every level; to determine the ownership of capital goods by the state, we introduced the contracted managerial responsibility system in enterprises; and to resolve the issue of profit distribution between enterprise, as the user of capital goods, and the state, as the owner of capital goods, we selected the dual-track price system for industrial products. However, practice and experience in urban economic restructuring in recent years tells us that the property right system framework, which in the past proved workable in rural economic restructuring, was found to be ineffective in urban economic restructuring. Urban reform showed to be difficult to advance.



### First Difference Between City and Countryside

The fundamental reason why, in the rural economy, the contract system based on the household as a unit has been able to clearly determine the right of producers to use capital goods as well as motivate them is that a management and distribution mechanism suitable for small-scale production and based on blood relations has existed for several thousand years within this kind of household-based agricultural production organization. The relationship between household and individual worker, in their capacity as producers, is a stable one. The two parties are an integrated entity with regard to capital goods and their right of use. Internal conflicts can be easily resolved in accordance with family tradition. However, in an urban economy, the mechanism of management and distribution within an industrial production organization, based on the enterprise as a unit, is much more complicated. An obvious difference of interests exists between the enterprise and the individual worker, in their capacity as producers, with regard to the right of using capital goods. The long-term and entire interests of the enterprise and the short-term and partial interests of the individual worker are at conflict with each other. The interests of the managing worker and the common worker are at conflict with each other. The interests of simple labor and complex labor are at conflict with each other. All this needs to be regulated by economic, administrative, and legal means. Under the centralized power system in the past, the relationships of interests and distribution within the aforementioned enterprises are restrained by strict administrative regulations. But once powers were delegated to enterprises, the old administrative restrictions were abolished, while new nonadministrative constraints are yet to be established. As a result, a new kind of management and distribution mechanism, aiming only for short-term interests, came into being within enterprises as a natural consequence. A paternalistic attitude on the part of the enterprises toward their workers became common practice, and overdistribution from within became more and more severe. We must admit that although we have been discussing the deepening of reform within enterprises in recent years, we have actually not sufficiently made mental preparations for the aforementioned phenomenon.

### Second Difference Between City and Countryside

The fundamental reasons why the output-related responsibility system carried out in rural areas can clearly determine the state's proprietary rights with regard to the means of production are: First, at the current level of agricultural productive forces in our country, the relationship between the state and the peasant household as a production unit is a comparatively simple one, without multilink commodity circulation channels or interruption by complicated administrative organs of government; therefore, state ownership exercises strong control over the peasant household's right of use. Second, there is no complicated relationship between division of labor

and production and output among peasant households, that is, the producers; therefore, the relationship of interests between the state as the owner of the means of production and the peasant household as the user of the means of production is relatively simple, that is, the two cannot have a relationship of being able to haggle with each other on a one-on-one basis. However, in the urban economy there are numerous commodity circulation channels and government administrative organs which stand between the state as owner of the means of production and the enterprise as user of the means of production. In most cases, the right of using the means of production is divided up gradually so that even the state is confused as to who actually possesses the right of use, which indicates that ownership has little binding force with regard to the right of use. At the same time, the relationship between division of labor and production and output in industrial enterprises is far more complicated than that in agricultural production units. Under these circumstances, anything which touches on the relationship of interests between the owner and user of the means of production may lead to fierce haggling between them. From what we have seen in the past few years since industrial enterprises implemented the managerial contracted responsibility system, no sooner is a round of haggling over than a new round of haggling triggered by a change in prices or in the production-output relationship begins. Under this haggling mechanism, the relationship between owner and user of the means of production changes continuously while ownership is actually in a state of vacuum. Once the right of using the means of production is no longer controlled by ownership, the government will exercise paternalism [fu ai zhu yi 3637 1947 0031 5030] over the enterprise, and enterprise behavior will become increasingly shortlived.

### Third Difference Between City and Countryside

The relationship of interests between enterprises and individual workers as users of the means of production and the state as owner of the means of production will eventually be manifested in a certain form of currency relationship. For this reason, there must be a mutually acceptable principle which governs the distribution of profits. This mutually acceptable principle is the price as set by the market. Under normal circumstances, the state has the right to secure, on the basis of the market price, that portion of profits that is due to it as owner of the means of production. On the other hand, the enterprise has the right to protect, by adjusting the scale of output and production on the basis of the price set by the market, its interests as user of the means of production. In the course of reform of the rural economic structure, implementation of the double-track price system for agricultural products has really provided a price signal which keeps the relationship of interests between the state and rural households within bounds. This is because of the following reasons: First, as far as the type of market is concerned, the farm produce market is close to being a completely competitive market. In this market, price has a direct restraining power over the hundreds and thousands of rural households, who are subject



to the effects of prices instead of being ones who decide those prices. Second, the seasonal nature of agricultural production makes farm workers inherently mobile. Therefore, even without a land and capital market, rural households are able to act in response to the price set by the market by adjusting the manpower invested in production or changing the amount or scale of production in their efforts to protect their interests as users of the means of production. Under this price system, the planned price protects the interests of the owner while the market price protects the interests of the user. In this way, each is properly provided for. But it is a different matter in the case of the urban economy. On the one hand, the industrial products market is closer to being a noncompetitive market than being a competitive one. To a considerable extent, enterprises, in addition to being subjected to the effects of prices, are also the ones that determine the prices. Under such circumstances, the planned price loses much of its power in protecting the owner of the means of production. On the other hand, however, because there is no market of essential productive factors which is compatible with the commodity market, enterprises generally can protect their interests as users of the means of production by adjusting their output or production scale. Therefore, once the double-track price system is enforced, enterprises are bound to abuse their powers in determining prices, while at the same time they will constantly seek new price-fixing powers from the state in an effort to gain new profits. Under these circumstances, in which owner's rights can have no meaningful restraining effect on user's rights, such abuse of price-fixing powers and the short-lived behavior on the part of enterprises, combined with the excessive distribution mechanism within enterprises, will exert enormous inflationary pressure.

The practice of reform of the economic structure in the past 10 years proves that we undoubtedly have been right as far as the orientation of reform is concerned. This is precisely the reason why we have made tremendous achievements in reform. However, we have been impeded by empiricist trends in our efforts to make still bigger strides in the course of reform. When we adopt in cities the same framework of property right system and price system we used in rural reform, however, we find that the technology for manufacturing sickles and hoes is not good enough for transforming the huge and sophisticated machines of modern industry. Empiricism is ruthless in its punishment of mankind. It has caused immense difficulties for our reforms.

#### **Pragmatism Fosters Empiricism**

Speaking in all fairness, the appearance of empiricism in the reform of the urban economic structure has something to do with the pragmatic trend in our theoretical research on reform. We may say that pragmatism in theoretical research on reform has, to some extent, helped the growth of empiricism in practical reform. A review of the process of theoretical research on reform over the past 10 years reveals that the pragmatic trend

has invariably found expression in an eagerness to seek quick results and instant benefit as the goal of research. In the early period of our urban economic structural reform, a discussion was held by economic theorists on where to start the reform. The discussion focused on what should be carried out first, reform of the price system or reform of the property right system. The conclusion was that reform of the property right system, which involves the issue of ownership, was too difficult to carry out, and that it was more appropriate to conduct reform of the price system first. In less than a year, however, the theorists found that without a change in the micro-operational mechanism, it would be impossible to form a macromarket operational mechanism. Then, there was a discussion on how to deepen the reform of the enterprise system. This discussion once again focused on the reform of the property right system. The results of the discussion showed again that an overall reform of the property right system would be too difficult. Finally, under the circumstances of lacking a clearly defined property rights relationship between state and enterprise, the enterprise contract managerial responsibility system was chosen as a method to solve the problem of distribution between enterprises and the state. Now, the practical development of reform has proved that truth cannot be ignored. Eagerness for quick results and instant benefit from theoretical research will eventually foster empiricism with the greatest harmful effects for theoretical research itself.

The root cause of the pragmatic trend in theoretical research on reform lies in the weakness of theoretical research itself. If we say that we can be assured of success in rural economic structural reform because of the experience we have accumulated in this regard, then any attempt to rely on experience to achieve success in urban economic structural reform will be purely illusive. The course of reform over the past decade has made us aware that if there was any breakthrough in theoretical research on reform, the most predominant breakthrough would be the establishment of a Marxist theory of socialist property rights. Only under the guidance of the Marxist theory of property rights can we shake off the empiricist yoke in the most important aspects of our economic reform. At present, our reform program is in a stage of adjustment. This gives us some time to seriously review and reflect. Comprehensively summing up experience and drawing lessons is an effective way to overcome empiricism. If we can do this and make a real breakthrough in theoretical research, we will be able to prevent mistakes resulting from pragmatism and empiricism when the next high tide of reform arrives.

**'Roundup' of Symposium on Property Rights**  
OW1312055088 Beijing GUANGMING RIBAO  
in Chinese 19 Nov 88 p 3

[Report by reporters Gu Peidong and Zhang Daming:  
"Roundup on the Symposium on Reforming the Property Rights System of Enterprises"]

[Text] Reform of the property rights system in enterprises is a hot topic in the study of economics and legal

theory in China. It is also an important practice of our ongoing economic structural reform. A seminar on reform of the property rights system in enterprises jointly sponsored by eight units, including the State Council's Economy, Technology, and Social Development Research Center, the Economic Structure Reform Commission of Sichuan Province, the theory departments of GUANGMING RIBAO and JINGJI RIBAO, and Changcheng Special Steel Company, has made a concentrated and in-depth study of the question of reforming the property rights system in enterprises.

#### **The Fundamental Idea of Reforming the Property Rights System in Enterprises**

Opinions were, more or less, unanimous on the following points: 1) Properly defining the proprietorship of each subject as well as ownership over property, and reestablishing the property rights structure under the public ownership system. The idea is to break off the existing pattern of unified state ownership and transfer quantitatively state property to the central or local governments at various levels or various enterprises. The property can also be sold to staff members and workers of enterprises under appropriate preferential terms. In this way, the unitary form of state ownership will be diversified. 2) Establishing organizations for the management of property rights, developing financial groups for property management, and establishing a socialist property management system. A shareholding system, which is a form of organizing and managing enterprise property, will certainly emerge following the diversification of enterprise property rights. In keeping with the shareholding system, organizations for managing and administering state property will also emerge. Assorted financial groups can be further developed on this basis. 3) Breaking the bounds of ownership, regions, and departments to bring about all-around mobility of property rights. There are three forms of all-around mobility of property rights: First, various owners penetrate each other's property rights by holding or purchasing each other's shares. Second, part or all of the property of an enterprise can be transferred to another enterprise to optimize the allocation of assets. Third, transforming proprietorship through the issuance of stocks. Exchange of stocks will make all-around mobility of property rights possible.

On reforming the property rights system, some comrades came up with the idea of "replacing investment with loans;" that is, to regard the assets of a state enterprise as state loans for the enterprise, for which the state charge a certain amount of interest. The state allows the enterprise to repay the loans with their profits after paying taxes and interest. After completing the payments, the assets of the state enterprise belong to the enterprise and it will only have to pay tax to the state, not interest. The Shenzhen Investment Company put forward the idea of simulated privatization of state property. It suggested that shares of property rights of an enterprise can be contracted by individuals through an investment company. The contractor is responsible for the returns on his

shares of property right. The state property can be "personified" through concern over the returns by individual shareholders.

#### **Difficulties and Problems in the Reform of the Property Rights System**

The difficulties are: 1) The deep influence of ideology has created quite a big ideological obstacle to reform of the property rights system. The traditional theory of public ownership is deeply rooted in people's minds. Irrational worship of public ownership has resulted in rather very low psychological acceptability and support for reform of the property rights system. 2) Rigidity in financial expenditure and the practice of separate budgetary plans for the central and local authorities do not leave much room for the reform of the property rights system. On one hand, rigidity in financial expenditure has made the government unwilling to pay for the cost of property rights reform. It does not even want to sacrifice short-term benefits for greater long-term benefits. On the other hand, the practice of separate budgetary plans for the central and local authorities has impeded the transfer of property rights, the merger of enterprises, and implementation of other reform measures. 3) Diversification in government functions affects the establishment of maximum returns on property rights as the objective. It is very hard for an organization that runs state property not to be affected by the other social objectives derived from other government functions. Moreover, infiltration of noneconomical objectives into property rights management will distort the orbit for property rights operation.

In reforming the property rights system, we must take note of and properly handle the following problems: 1) How to gear the reform of the property rights system to the reality of ongoing reform and help it consolidate and develop the progress in reform already achieved. The principal problem is how to systematically dovetail the responsibility system with the stock system. 2) In the reform of the property rights system, how to break through the present property management system without causing great social repercussions. A rather reliable way is to respect the vested interests of each subject to ensure a smooth transition from "management of property at different levels" to "ownership of property by different levels." 3) In the reform of the property rights system, how to guarantee a well ordered readjustment in the relations of property rights ownership so as to establish a new order of property rights. 4) How to make reform of the property rights system dovetail with the transformation of government functions and reform of government organs.

#### **Two Rather Controversial Questions**

Those who oppose the idea that enterprises may hold their own stocks contend that companies in the West are not allowed to buy their own stock and there is no such thing as enterprise stock there either. If China is to allow enterprise stock, then it is impossible to set norms for the stock system; besides, enterprise stocks might harm the interests of other shareholders. Those who support enterprise stocks contend that under the circumstances in



which the state and an enterprise stand for different interests, holding its own stocks reflects the enterprise's own desires and it also serves as a guarantee for returns on state property and taxes. Whether our stock system conforms to the norm or not can not be judged by the general model of companies in the West. Whether enterprise stocks will harm the interests of other shareholders depends on the direction in which the returns on enterprise stocks flow. If the direction of this flow is properly controlled, then enterprise stocks will not harm, but will benefit, other shareholders. Some comrades hold that enterprise stocks are, by nature, consistent with ownership by social groups. Their basic characteristics are that the legal entity representing the enterprise stocks is not the same legal entity representing the company and can be separated from the enterprise; and that an enterprise cooperative fund can be set up to be managed by personnel hired especially for this purpose. No special privilege is accorded enterprise stocks. They are treated the same as any other stocks. Still some comrades feel that the existence of the enterprise stocks phenomenon falls in the transitional period and that these stocks will be abolished after the enterprise's self-regulating and self-stimulating mechanisms are fully developed. Newly established enterprises may not need to have enterprise stocks.

With regard to the responsibilities and nature of organs in charge of the management of state property, some comrades hold that the principal responsibility of the organization is to maintain the unity, integrity, and inalienability of state property. It is, by nature, an administrative organization, not a business organization in character. Other comrades disagree. They hold that if an organization in charge of state property continues to follow the traditional theory and principle of public ownership and implement unified, centralized, and static administration, then there will be no sense in setting up this organization. An organization in charge of state property must attach great importance to run the property to ensure a steady increase in the returns on state property.

**Increased Shipbuilding Orders Expected Next Year**  
*HK1412030488 Beijing CHINA DAILY in English*  
14 Dec 88 p 2

[By staff reporter Zhang Yu'an]

[Text] Orders for China's shipbuilding industry will more than double next year, CHINA DAILY has learned. Domestic customers alone are expected to order about 2 million gross tons of ships because of the fast development of the country's ship transport industry in recent years.

The Ministry of Communications—a major customer for ships—will transfer its focus on ship buying to domestic shipbuilders from foreign ones in order to save valuable foreign currency.

The ministry has shown its desire to order 2 million gross tons of ships next year from the China State Shipbuilding Corporation (CSSC), including ocean-going ships for the China Ocean-Going Shipping Corporation (COSCO), which has one of the world's largest fleets.

As the world's ship transport industry grows, foreign orders are expected to keep at least at this year's figure—500,000 gross tons. This is half of this year's total production of CSSC, said Shen Yeping, director of the China Shipbuilding Trading Co, Ltd, a subsidiary of CSSC.

In the third quarter of this year, orders received by China were up to 1,008,205 in terms of gross tons, 17,078 gross tons more than the previous quarter. This makes the country the fifth largest shipbuilders in the world, according to Lloyd's Register of Shipping in London.

Foreign orders for next year are not expected to decrease because ships built by CSSC are cheaper than those made in European countries. Shen said their quality is recognized worldwide and delivery is on time.

CSSC's foreign buyers include Norway, Denmark and the United States.

As for next year's production plan, Shen said, CSSC will meet domestic demands first.

China is trying to meet the world trend for wider ships. A shipyard for constructing 200,000-ton oil tankers is being built in Dalian, Liaoning Province, one of the several major shipbuilding bases of the country. The others are in Shanghai, Guangzhou and Wuhan.

CSSC also is planning to build more ships below 5,000-ton for exports.

Shen said, CSSC welcomes foreign co-operation in developing ships for transporting liquefied natural gas.

**Coal Corporation Chief on Tense Supply Situation**  
*OW1112204288 Beijing XINHUA in English*  
1306 GMT 11 Dec 88

[Text] Beijing, December 11 (XINHUA)—Yu Hongen, president of China's Coal Corporation, said today that the country's coal supply is encountered with a still more tense situation.

Speaking at an on-going national coal conference, Yu, former minister of coal industry, said that the past decade witnessed the most rapid development in China's coal industry. Coal output increased by more than 300 million tons, with an average of 35 million tons each year.



Coal output this year has also kept an increase trend, he continued. By the end of November, the accumulated output had reached 838 million tons, representing an increase of 33 million tons over the same period last year.

He predicted that the total output this year could be 40 million tons more than last year.

Therefore, he concluded, the present supply shortage is not caused by production, but by the excessive rapid development in processing industry, the limited railway transport capacity and the unreasonably low coal prices.

According to the president, the country's social coal storage has been dramatically reducing since last summer. Because of lacking of coal supply, many factories in east China and in provinces like Guangdong, Guangxi, Hunan, Hubei and Sichuan are on the verge of stopping production and some thermal power plants have to reduce their production or turn down some of the generators, he said.

"Such tense situation is not temporarily, but will last for a long time," Yu said.

"Because the development of high coal-consuming industries such as steel and power has an increasingly large demand for coal whereas coal output cannot expect an adequate increase as a result of the nation's limited investment in recent years," Yu explained.

He added that even if the total coal output reached 1.4 billion by 2000 as planned, there will still be 100 to 200 million tons in short supply.

He called for all the participants to make full use of the policies adopted by the state government to alleviate coal mines' economic pressure and strive to increase production in order to ensure coal industry a steady development.

According to Yu, the country's planned coal output for next year is 985 million tons, and 35 mines with a total designed capacity of 24.38 million tons will be put into operation next year.

### East Region

**Han Peixin Attends Jiangsu Science Meeting**  
*OW1312012488 Nanjing XINHUA RIBAO*  
*in Chinese 29 Nov 88 p 1*

[By reporters Gu Wenhua, Chen Fengxian, and Shi Jinchang]

[Text] Jiangdu, 28 Nov (XINHUA RIBAO)—“Party committees and governments at all levels must strengthen their leadership over the campaign to propagate the strategic thinking of ‘vigorously promoting the development of Jiangsu Province through science and technology’ across the province. They must mobilize people in all fields of endeavor as well as the broad masses of cadres, workers, peasants, and intellectuals to work hard to carry out step-by-step this strategic thinking, which aims at promoting sound economic and social development in our province.” This was the appeal made by Governor Gu Xiulian at the provincial scientific and technological working conference, which opened in Jiangdu on 28 November.

Comrade Han Peixin, secretary of the provincial party committee, attended and presided over today's conference. He said that the primary tasks of the conference are:

1. Summing up the experience acquired by our province in promoting economic development with the help of science and technology and in making science and technology contribute to economic development, and reaching a common understanding on the strategic thinking of “vigorously promoting the development of Jiangsu Province through science and technology” in line with the strategic thinking of the 13th CPC National Congress which calls for “giving priority to promoting the development of science, technology, and education in economic development strategy, so as to guide economic development onto the track of depending on the advance of science and technology and the improved quality of laborers and in line with the central authorities' guiding principle of “improving the economic environment, rectifying the economic order, and deepening reform in an all-around way.”

2. Discussing the “Decision on Vigorously Promoting the Development of Jiangsu's Economy by Depending on the Advance of Science and Technology” (Draft for Discussion) prepared by the provincial party committee and the provincial government, together with its supporting policy measures, in order to reach a common understanding, and putting forward positive suggestions and views. He said that this conference has been in preparation for a long time and that it is an important one that affects the interests of the whole province.

On behalf of the provincial party committee and the provincial government, Gu Xiulian delivered a report on the issue of “Vigorously Promoting the Development of

Jiangsu Province through Science and Technology.” Among other provincial leading comrades who also attended the conference were Sun Han, Ling Qihong, and Wu Xijun.

A total of 230 persons participated in the conference. Among them were responsible persons in charge of science and technology from all city party committees, city governments, and provincial departments concerned; responsible persons of the science and technology commissions, the economic commissions, and the planning commissions of all cities; and responsible persons of some institutions of higher learning, scientific research institutions, large factories, mines, industrial enterprises, and enterprise groups.

Gu Xiulian pointed out: After repeated discussions, especially about earnestly summing up experience and lessons in the course of our province's economic development and exploring the strategy for future economic development, the provincial party committee and provincial government gradually worked out the strategic thinking “vigorously promoting the development of Jiangsu Province through science and technology” for the economic and social development of our province. This strategic thinking aims at guiding Jiangsu Province's future economic and social development onto the track of depending on the advance of science and technology; making modernization of science, technology, and management become the main force that supports economic and social development; developing Jiangsu into a province in which science and technology lead the development of economy; making Jiangsu rank foremost in China in the areas of economic development, improvement of economic results, and scientific and technological level; enabling Jiangsu to gradually catch up with advanced world levels in the primary spheres of economy and technology; and making science and technology play an ever greater role in building spiritual civilization.

She expounded the importance and need of developing the strategic thinking of “vigorously promoting the development of Jiangsu Province through science and technology” in four aspects: great importance must be attached to the development and application of science and technology in fulfilling fundamental tasks during the initial stage of socialism; our efforts to vigorously develop Jiangsu's economy under the new situation must earnestly be shifted onto the track of depending on the advance of science and technology; a new favorable economic situation with science and technology as its leading locomotive must be established in our implementation of the central authorities' major decision to improve the economic environment and rectify the economic order; and the scientific spirit must be encouraged in our efforts to strengthen the building of socialist spiritual civilization.

Touching on the strategic focal points in implementing “vigorously promoting the development of Jiangsu Province through science and technology,” Gu Xiulian pointed

out that efforts should be concentrated on the following six areas in the near future: quickening the pace of modernization of agriculture, further upgrading the level of industrialization, making vigorous efforts to develop high-tech industry, promoting the development of the export-oriented economy, striving to enhance the level of scientific management, and actively developing education.

On how to make the party committees and governments at all levels truly adopt the strategic thinking of "vigorously promoting the development of Jiangsu Province through science and technology" in their leadership work and make organizational arrangements for carrying it out in a planned way, Gu Xiulian presented the following four-point view:

1. Let reform assume a dominant role in looking after the interests of the whole and properly handle the relationship between deepening reform in an all-around way and dependence on the advance of science and technology. While formulating reform measures, making rules and regulations for economic reform, and using economic leverage, we must consider whether they will be conducive to integrating science and technology with the economy as well as speeding up the advance of science and technology and our dependence on them. If we want to speed up the advance of science and technology, we must carry out all-around reform of the economic, political, scientific and technological, and educational systems and their supporting measures.

2. Handle matters according to objective law and endeavor to bring about scientific and democratic decisionmaking among the leadership. The leadership at all levels must improve its own qualities. They must bring into full play the role of the various types of staff officers, brain trust organizations, and the broad masses of scientists and technicians; invite them to study, expound and prove, and offer advice; and provide necessary conditions for them to carry on their work.

3. Our efforts to pursue scientific and technological advance must lead to the establishment of a correct criterion for productive forces. We must properly handle the relationship between the quality and quantity of productive forces, between near-term economic results and sustained economic development, and between general interests and partial and local interests.

4. We must reform the leadership system and methods to form a mechanism favorable for close integration between science and technology and the economy; improve the system of norms for appraising the achievements of localities in their work; establish a system of leadership that can guarantee coordinated development of the economy and of science and technology; form a mechanism that combines both economic and necessary administrative measures and that can effectively regulate the macroeconomy, so as to bring about a good social environment and supporting policy system favorable for carrying out the strategic thinking of "vigorously promoting the development of

Jiangsu Province through science and technology"; and pay close attention to making laws on science and technology and learn how to use legal measures to promote the advance of science and technology.

Vice Governor Wu Xijun gave an explanation of the "Decision on Vigorously Promoting the Development of Jiangsu's Economy by Depending on the Advance of Science and Technology" (Draft for Discussion) prepared by the provincial party committee and the provincial government in the afternoon of 28 November.

**Shandong Achievements in Wasteland Reclamation**  
*SK1312120388 Jinan Shandong Provincial Service*  
*in Mandarin 2300 GMT 12 Dec 88*

[Text] Over the past 9 years, various localities throughout the province have made achievements in carrying out preferential policies on encouraging the peasants to open up wasteland to plant cotton.

The provincial department responsible for agricultural work pointed out that developing wasteland to plant cotton is still an important measure for alleviating the strain on cultivated areas and scrambling for growing either grain or cotton.

According to preliminary statistics by the relevant departments, over the past 9 years, from 1980 to 1988, our province planted cotton and other crops on more than 25.9 million mu of newly reclaimed areas. A total of 6.48 billion yuan of output value was added. Of this, 45,700 mu of wasteland were reclaimed to grow cotton in 1988. To encourage the peasants to open up wasteland to grow crops, many localities have worked out preferential measures. The Huimin Prefectural Administrative Office clarified that the households that have opened up more than 5 mu of wasteland to grow cotton shall be paid in advance 50 yuan per mu of newly reclaimed wasteland by cotton and flax companies and shall be provided with 4 kg of plastic films, 80 kg of fertilizer, and 2.5 kg of diesel oil at parity prices by supply and marketing cooperatives. As a result, more than 4,760 households that develop wasteland on a large scale to grow cotton emerged in the prefecture this year. The prefecture reclaimed 49,000 mu of wasteland this year. So far, our province has more than 6.8 million mu of wasteland to be reclaimed, that are concentratively distributed in Huimin, Dezhou, Liaocheng, Dongying, and Weifang.

The on-the-spot meeting on reclaiming wasteland to plant cotton sponsored by the provincial agricultural department a few days ago urged that during this winter and next spring, localities should do a good job in winter ploughing and winter irrigation and attend to the training on technologies for opening up wasteland and growing crops in order to ensure the fulfillment of the 1989 task for reclaiming 700,000 mu of wasteland to grow cotton.



**Shandong Overfulfills Gold Production Plan**  
*SK1312122088 Jinan Shandong Provincial Service in Mandarin 2300 GMT 12 Dec 88*

[Excerpt] Our province prefulfilled and overfulfilled the state-assigned annual gold production plan. Since the end of November, the province fulfilled the annual gold production plan by 104.6 percent, an increase of 15.6 percent over the corresponding period last year. [passage omitted]

**Zhejiang Propaganda Head Cited on Reform**  
*OW1412011988 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 7 Dec 88*

[Text] Luo Dong, Standing Committee member of the Zhejiang Provincial CPC Committee and head of the Propaganda Department, expressed his opinion on the current situation at a conference attended by directors of radio and television bureaus throughout Zhejiang Province this morning.

He urged the attendees of the conference to adequately understand the fact that reform is a lengthy, arduous, and complicated process. After analyzing this year's situation, Comrade Luo Dong said: Improving the economic environment and rectifying economic order require us to seriously review our experience and lessons of the past 10 years. We should not only take objective but also subjective factors into account in doing so. In the past years, people from top to bottom have failed to adequately understand the ways to build socialism with Chinese characteristics and the problems arising in the process of reform. They have also expected too much of reform.

He added: Although the 10 years of reform have yielded very good results, many problems have also arisen in the process of reform. An invigorated economy and expanded production are currently going hand in hand with serious inflation. In addition, an expedited democratic process has created an ideologically active atmosphere in the theoretical circles. However, a considerable number of people are ideologically confused.

He urged the radio and television units to pay attention to problems hidden behind the achievements of reform publicized by them and to soberly analyze people's needs and desires based on the overall situation and interests instead of personal interests.

**Central-South Region**

**NPC Inspection Team Visits Guangdong**  
*HK1312031788 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 12 Dec 88*

[Text] An inspection team of the NPC Standing Committee members has been making an inspection of our province over the past few days.

This morning Governor Ye Xuanping gave the team members a briefing on his government work. He specially briefed them on improvement of the economic environment, rectification of the economic order, and deepening of the reforms in an all-around way in our province, as well as on the province's agricultural development, the absorption of foreign investment funds, and import of technology and equipment from abroad.

The inspection team will also make an inspection of Guangzhou, Shenzhen, Zhuhai and Fushan.

**Shenzhen To Set Up Special Legislative Body**  
*HK1312014988 Hong Kong HONGKONG STANDARD in English 13 Dec 88 p 1*

[By Chan Wai-fong of our China Desk]

[Text] Shenzhen is to set up a special legislative body similar to Hong Kong's—and is drafting a proposal for its own version of the Basic Law.

The Shenzhen "Legco" is designed to speed up the legislative process.

The new law is aimed at giving the Special Economic Zone [SEZ] more autonomy in making economic decisions. It will enable the SEZ government to draft laws and regulations which share the same status as those promulgated by the central State Council.

Mr Zhang Linghan, deputy director of the Shenzhen Municipal Legislative Bureau, said yesterday the moves were being made in view of the SEZ's "particular economic operations."

Shenzhen, still under the jurisdiction of Guangdong province, has been a special region to test China's economic reforms since the 1970s.

Despite calls over the years for greater autonomy, Beijing has delayed the setting up of a People's Congress in Shenzhen.

The proposed legislative body, like Hong Kong's Legislative Council, will be made up of government officials and representatives from different professions and localities.

But its responsibility is limited to the deliberation of economic laws and regulations in the SEZ.

"Shenzhen is different from other local governments. Policies for the SEZ are determined by the central government and there is no need for a People's Congress in this aspect," Mr Zheng said.

"For Shenzhen, we would simply like to have a legislative body to speed up our legislative process."

Although a decision is yet to be made by the central government, Mr Zhang's office was renamed the Office of the Legislative Committee last month.

"The new organisation will come under the direct leadership of the mayor," he said. "And other than those from our office, all members will only be part-time and elected by consultation, holding a term of office for three to four years," he said.

Mr Zhang said that the setup had the merits of being able to reflect opinions from different sectors of the society and facilitate communications and cooperation between Shenzhen and Hong Kong after 1997.

It is much needed in view of 32 pieces of legislation awaiting deliberation and endorsement next year. During the past eight years, only 23 regulations have been promulgated in the SEZ.

Mr Zhang said the situation had become more favourable since last month when the Supreme People's Court decided that regulations promulgated by the SEZs could be used as bases in court rulings.

"Before, SEZ legislations were only effective within its own boundary. Our legal status has been upgraded under this decision," he said.

He added that many of the current practices in the SEZ lacked legal protection and legitimacy and some had gone beyond the country's constitution.

At present, Shenzhen's legislative progress is slowed down because its regulations have to go through the Guangdong Government.

They are also subordinate to national legislation which is seen as limiting the SEZ's economic development.

Mr Zhang said the proposed "SEZ Basic Law" would be different from that of Hong Kong's.

"Shenzhen will have the same political system as other parts in the country while Hong Kong is allowed to have its own political and economic setups," he said.

"We only want to have our own sets of economic legislations but for things like marriage, military and defence, diplomacy and crime, they will be the same as the nation as a whole."

**Chen Huiguang Attends Gala in Guangxi**  
*HK1412031988 Nanning Guangxi Regional Service in Mandarin 1100 GMT 12 Dec 88*

[Text] Bailong Park in Nanning City was permeated with a joyous festive atmosphere this morning—flowers and bunting could be seen everywhere, and laughter and songs were heard at all the six gala spots in the park. Members of the central delegation and guests from other

provinces and regions, in the company of regional party and government leaders, joined the gala celebration with some 10,000 Nanning residents of all nationalities from all walks of life.

At Bailong Coffee Shop, some outstanding instructors for children and teenagers, some young people of different nationalities, and some young pioneers were having a party. The guests watched a singing and dancing performance there with the youngsters. In the audience were the head of the central delegation Song Renqiong; delegation members Cheng Siyuan and Zhang Jiafu; Guangzhou Military Region Deputy Commander Liu Cunzhi; regional leaders Chen Huiguang and Gan Ku; member of the Central Advisory Commission Qin Yingji; some guests from other provinces and regions, and some representatives participating in the commending meeting for advanced units and outstanding individuals contributing to the promotion of nationality solidarity.

Some young people sat in a circle on the shore of Swan Lake and sang songs and danced there. Deputy Head of the Central Delegation Fei Xiaotong and Delegation Members Ismail Amat, Li Ding, and Puncog Wangje joined the young people in the festivities, together with Regional Leaders Wei Chunshu and Huang Yun. They also had a group photograph taken with the singers and dancers.

On Dahao Terrace in front of the Monument to the Martyrs at Wangxian Po, hundreds of amateur dancers performed disco, break dancing, and other dancing that are imbued with the spirit of the times and the vitality of youth. Among other program items were chorus, recital of poems with music, and nationality dances. The performance attracted a big crowd.

After watching the singing and dancing performances, members of the central delegation and regional leaders toured the park gala together with others. At Bailong Mid-lake Pavilion and on Jiushi Bridge, Song Renqiong and Chen Huiguang, while looking at palace lanterns displayed there, greeted visitors there and cordially shook hands with children and their parents. Song Renqiong and Fei Xiaotong also mounted the Zhenning Ancient Battery, where Song cordially talked with several ladies of Yao nationality and had a photo taken with one of the ladies and her only daughter.

**CPC Message Marks Guangxi's 30th Anniversary**  
*HK1412094988 Beijing RENMIN RIBAO in Chinese 12 Dec 88 p 1*

[“Message of the CPC Central Committee, NPC Standing Committee, and State Council Congratulating the 30th Anniversary of the Founding of the Guangxi Zhuang Autonomous Region”—RENMIN RIBAO headline]

[Text] Message of the CPC Central Committee, NPC Standing Committee, and State Council congratulating the 30th anniversary of the founding of the Guangxi Zhuang Autonomous Region:



Guangxi Zhuang Autonomous Regional party committee, People's Congress Standing Committee, and People's Government:

On the occasion of the 30th anniversary of the founding of the Guangxi Zhuang Autonomous Region, the CPC Central Committee, NPC Standing Committee, and State Council sincerely extend their warm congratulations and cordial greetings to the people of all nationalities in Guangxi!

Over half a century, the valiant and industrious people of all nationalities in Guangxi, with a glorious revolutionary tradition, under the leadership of the CPC, have waged protracted heroic struggles for the revolutionary cause of the whole nation and Guangxi's liberation and prosperity and made great contributions. The founding of the Guangxi Zhuang Autonomous Region in 1958 opened a new chapter in Guangxi's history.

Over the past 30 years, the people of all nationalities in Guangxi have made concerted efforts, overcome difficulties, forged ahead, and achieved tremendous successes in socialist construction under the leadership of the regional party committee and people's government. Since the 3d Plenary Session of the 11th CPC Central Committee, the broad ranks of cadres and masses have unwaveringly implemented the party's line, principles, and policies, adhered to the four cardinal principles, and upheld reform and opening up. As a result, Guangxi's construction has developed rapidly and profound changes have taken place in the autonomous region. In the struggle to defend and build the border over the years, the people of all nationalities in Guangxi have rendered meritorious service and made great contributions to the state. The CPC Central Committee, NPC Standing Committee, and State Council extend their heartfelt respects and thanks to the cadres and people of all nationalities and officers and men of the PLA and armed police who have contributed to Guangxi's construction and defense of the country's border!

Located at the southern border, adjacent to Southeast Asia, and with the great southwest at its back, Guangxi has a vast territory with abundant resources. It occupies a strategic position and has favorable conditions for developing its economy. Further developing and building Guangxi and realizing the common development and prosperity of all nationalities in Guangxi will be of great significance to consolidating national defense, increasing unity between various nationalities, and building the socialist modernization program. This is the great mission entrusted by history to the people of all nationalities in Guangxi. The central authorities hope that the broad ranks of cadres and people of all nationalities in Guangxi will have a good grasp of the party's basic line in the initial stage of socialism; comprehensively understand and conscientiously implement the spirit of the 3d Plenary Session of the 13th CPC Central Committee; earnestly improve the economic environment, rectify the economic order, and deepen reform in an all-around

way; proceed from Guangxi's actual reality, adopt measures suited to local conditions, and learn from others' strong points to offset its deficiencies; vigorously develop education, science and technology, and culture; speed up the training of qualified personnel and exploit intellectual resources; rationally readjust the production setup; implement and gradually perfect Guangxi's economic and social development strategy; and promote the rapid development of social productive forces. Guangxi should seriously implement the "Regional Autonomy Law," accelerate the pace of training minority nationality cadres, further arouse the socialist initiative of the masses of all nationalities, and constantly consolidate and develop a new type of socialist relations between nationalities. Guangxi should extensively and profoundly conduct education in Marxist concepts and the party's policies on nationalities and further enhance unity between the people of all nationalities in Guangxi.

Strengthening the party's role as the core of leadership, enforcing party discipline, increasing the combat effectiveness of party organizations, giving full play to the exemplary role of party members, resolutely fighting against all corrupt practices, and keeping the party organs clean constitute an important guarantee for the victorious development of China's reform, opening up, and socialist modernization program. Under the leadership of the party and the guidance of the 3d Plenary Session of the 13th CPC Central Committee, we believe that the broad ranks of cadres and the people of all nationalities in Guangxi, with one heart and one mind, will work harder for the prosperity of the country and make Guangxi more beautiful.

May the people of all nationalities in Guangxi live in unity and happiness!

CPC Central Committee  
NPC Standing Committee  
State Council  
11 December 1988

**Hainan Women's Representative Assembly Opens**  
*HK1412102388 Haikou Hainan Provincial Service  
in Mandarin 2300 GMT 13 Dec 88*

[Excerpt] The First Women's Representative Assembly of Hainan Province opened at the Provincial Party Committee Auditorium on 12 December. The meeting, which is to examine and pass a resolution on a work report, will close this afternoon. Two hundred sixty two women representatives of the Li, Miao, Hui, Manchu and Han nationalities from different parts of the province are attending the meeting. Also in attendance are Xu Shijie, Liu Jianfeng, Yao Wenxu, Bao Keming, Miao Enlu, Wei Zefang, Li Zhimin, Meng Qingping, (Tong Fanyuan), (Pan Chongxiong), Li Mingtian and other leaders of the Party Committee, the People's Congress Standing Committee, the people's government, the CPPCC Committee, and the provincial Discipline Inspection Commission.



Deputy Secretary Yao Wenxu of the provincial party committee, delivered a congratulatory speech at the meeting in the name of the provincial party committee, the provincial People's Congress Standing Committee, the provincial people's government, the provincial CPPCC Committee, and the provincial Discipline Inspection Commission. The All-China Women's Federation sent a message of congratulations. (Feng Guizhuang), a responsible person of the preparatory group for the provincial Women's Federation, delivered a report entitled: Work hard to create a new situation for building the Hainan Special Economic Zone. [passage omitted]

**Preferential Treatment for Hainan Continues**  
*OW1312045888 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 0413 GMT 3 Dec 88*

[By reporter Zhao Shengyu]

[Text] Haikou, 3 Dec (ZHONGGUO XINWEN SHE)—There has been a prevailing view here that "rectifying the economic order and improving the economic environment" will have no negative effect on Hainan. However, as reality has shown, this kind of thinking is overoptimistic.

In the past, every time China made economic adjustments, there was tighter control over the major means of production, export products, and the outflow of capital. Tightening the money supply forces enterprises to cut down on expenditures and leads foreign investors to be more cautious in making investments or to retrieve or reduce their capital for investment. This will constitute a rigorous test for Hainan which depends on investments from abroad and joint investments at home for its construction funds.

The current situation indicates there might be a slowdown in the high growth of investment enterprises from the hinterland. Therefore, Hainan might suffer an exodus of capital. By the end of October, bank savings deposits had already declined by nearly 200 million yuan.

Capital shortage will be more serious. Even if the central government does not tighten its credit to Hainan, Hainan's financial market will still run into some difficulties because it is very unlikely that various specialized banks will ask their head offices to provide extra money for loans. Requesting loans from banks in the hinterland might also become more troublesome.

The contradictions are even sharper between Hainan's commodity economy, which has to be improved, and the planned economy of the interior. As Hainan still depends heavily on the hinterland, it is bound to encounter many difficulties no matter "how open it tries to become." Its experiment with economic structural reform will also be affected.

Nevertheless, the authorities here remain confident about Hainan's prospects.

"Rectification and improvement" will greatly affect Hainan; however, the central government has not changed its special preferential treatment toward Hainan. Xu Shijie and Liang Xiang have said on many occasions that the central government's preferential policy toward Hainan will not change and that Hainan's "30 terms" for encouraging foreign investment will remain the same.

As the basic conditions for investment, Hainan's water supply, electricity, communications, and traffic have all markedly improved. The completion of the Machun Power Plant in Haikou, which has two sets of 50,000-kilowatt generators, has greatly relieved the strain on electricity supply. Construction of the Fenghuang Airport in Sanya has started. Plans are being drawn up to move Haikou Airport. As important means of attracting foreign investment, these projects have done a good job in encouraging foreign businessmen to engage in large-scale development projects. The Yangpu Industrial Development Zone is basically completed; the Xiong-guzu Corp. of Hong Kong has expressed great interests in this project. Experts are evaluating eight other industrial development zones.

Experts here note that international markets and capital continue to shift toward China and East Asia, and there are many enterprises with much capital in the interior still vigorously wanting to invest in Hainan. Undoubtedly, this is to Hainan's advantage. The interior has thus far invested 5.3 billion yuan in Hainan.

All the facts indicate that Hainan still possesses strong appeal to both foreign and domestic investors.

**Xiong Qingquan Addresses Hunan Rural Conference**  
*HK1312121988 Changsha Hunan Provincial Service*  
*in Mandarin 2300 GMT 12 Dec 88*

[Excerpts] A provincial conference on rural work which closed yesterday urged the whole party to plunge into agricultural work and to make every effort to ensure a good harvest next year. Deputy secretary of the provincial party committee Liu Zheng presided over the closing session of the conference yesterday. Secretary of the provincial party committee and Governor Xiong Qingquan delivered an important speech at the session. Xiong's speech consists of four parts:

1. It is necessary to seize the good opportunity offered by the operation of improving the economic environment and rectifying the economic order and thus make a breakthrough in agricultural development in the province. Xiong Qingquan said: It is in light of the overall economic situation in the whole country that the central authorities call for cooling down the overheated economy. As far as agriculture is concerned, we are not going to slow down but mend our pace. Now that the operation of improving the economic environment and rectifying the economic order offers a good opportunity and paves

the way for agricultural development, we must lose no time in raising agricultural production, especially the grain output, which we hope can exceed 53 billion jin next year.

2. It is necessary to uphold the principle of vigorously developing the diversified economy while keeping up with grain production, appropriately readjust the inner agricultural structure, and ensure a harmonious all-around development of agriculture. [passage omitted] We must try our best to keep the province's grain sowing area up to more than 78 million mu, of which the rice growing area must not be lower than 65 million mu. To develop the diversified economy we need to make the best use of waste hilly land, waters, waste land, and courtyards. Referring to township and town enterprises, Xiong Qingquan emphasized: They are not overdeveloped but underdeveloped in our province. Departments at all levels should actively support the development of township and town enterprises. The preferential policy toward them should be kept unchanged. All difficulties and problems that they are currently facing should be earnestly solved.

3. It is necessary to take effective measures to ensure that agricultural production will be lifted to new heights. Xiong Qingquan noted that the guideline put forth by Comrade Zhao Ziyang, that agriculture depends on three things, namely, first, the policy, second, science and technology, and third, investment, is the key to and guarantee of agricultural success in the province. [passage omitted]

4. Party committees and governments at all levels must attach very great importance to the development of agriculture and devote more energy and time to rural work. Xiong Qingquan pointed out that it is necessary to mobilize all the party to establish at all levels a responsibility system for leadership over agricultural production and to fulfill the target for a good harvest in the province next year as an important part of the operation of improving the economic environment and rectifying the economic order. [passage omitted]

This provincial conference on rural work opened in Changsha on December 8. Present at the conference were responsible people in charge of agriculture from all prefectures, autonomous prefectures, and cities; directors of all local agricultural commissions; the responsible people of all the sections, offices, commissions, departments, and bureaus directly under the provincial authorities; and the responsible cadres of some agencies and offices concerned.

### Southwest Region

**Tibetan Civil Servants Condemn Splittism**  
HK1312151488 Lhasa Tibet Regional Service  
in Mandarin 1130 GMT 13 Dec 88

[Text] The recent riot stirred up by a small number of splittists in Lhasa has aroused great indignation among the Tibetan staff members of the regional Nationalities and Religious Affairs Commission.

Since the 27 September incident last year, the regional Nationalities and Religions Affairs Commission has followed the guidelines laid down by the CPC Central Committee and the regional party committee and earnestly summed up experience in implementing the policy toward Buddhist temples in the region. The commission has adopted some specific measures and strengthened administration in such a way that religious activities in Tibet will be conducive to economic development, stability, and unity in the region. On the one hand, members of the Nationalities and Religious Affairs Commission have set greater store on education in patriotism and in the legal system among Buddhist monks and nuns and publicized the idea of placing patriotism first and love for religion second. On the other hand, the commission has assisted some monks and nuns in securing meat subsidies [as heard] and in solving the issue concerning [words indistinct]. Meanwhile, despite the region's underdeveloped economic conditions and limited financial resources, the regional people's government has made great efforts to help renovate Buddhist temples. All these efforts have been appreciated by the vast number of Buddhist monks. However, a small number of splittists have turned a blind eye to all these facts. They have despised the law and discipline and outrageously shouted reactionary slogans, such as Independence for Tibet, in public places where demonstrations are prohibited by formal decree. In doing so they have seriously disrupted social order, undermined stability and unity, and upset the public's everyday life. They will certainly be punished as they deserve it.

**Tibetan Patriots Stress National Unity**  
HK1312144088 Lhasa Tibet Regional Service  
in Mandarin 1130 GMT 13 Dec 88

[Text] Some patriotic personages from the upper circles who are members of the regional CPPCC Committee have pledged to uphold the banner of patriotism and safeguard national unity.

On the afternoon of 12 December, Gongbasa Tudeng Jihan, member of the CPPCC National Committee and vice chairman of the CPPCC Tibet Regional Committee, told this reporter that there would be absolutely no prospects or way out for Tibet, an inalienable part of China, were it to be separated from the socialist motherland. He noted: It is necessary to punish severely a small number of splittists according to the law, and no appeasement should be applied to them. He also sincerely warned those who had been deceived by rumors and advised them not to take part in splittist activities organized by a small number of people. They should remain soberminded and bear in mind that Tibet can make progress only if it remains a part of the motherland and unites with all other nationalities of China, he said.

(Danba Chitai), member of the CPPCC Tibet Regional Committee and a returned overseas Tibetan, told this reporter with deep feeling: I am over 70 years old now. I experienced the old society and I lived abroad for a while



after liberation. When I returned to new Tibet a few years ago, I saw earthshaking changes in Tibet with my own eyes. In the past in Lhasa, we had only a small winding path linking (Luobulinka) to (Wajiao). Now this small path has been replaced by a smooth asphalt road. In the past, it took passengers at least 2 and a half months to travel from my hometown of (Langcang) to Lhasa. But not long ago I revisited my hometown by car.

Some committee members said with feeling: Those people, small in number, flaunting the banner of human rights, are in fact attempting to split the motherland. The vast number of Tibetan peasants and herdsman were enslaved by the three great rulers as talking tools in the past. Today, under the party's leadership, the Tibetan people not only enjoy freedom but have become the real masters of Tibet. The only way to prosperity for Tibet is to hold high the banner of unity and patriotism, oppose splittism, and safeguard the unity of the motherland. Tibet can only get rich through economic development. [sentence indistinct]

**Yunnan Peasants Arrested in Jail Break-in Attempt**  
*HK1312123388 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1135 GMT 12 Dec 88*

[Report: "An Attempt To Break Into a Jail in Luliang, Yunnan, Fails"—ZHONGGUO TONGXUN SHE headline]

[Text] Kunming, 12 Dec (ZHONGGUO TONGXUN SHE)—Not long ago an attempt to break into a jail to rescue a prisoner in Luliang County, Yunnan Province, failed. The chief culprit was a CPC member with 33 years' membership. The Yunnan Provincial Supreme People's Court sentenced him to death with a 2-year reprieve.

This is how the aborted rescue attempt took place: On the afternoon of 6 September, a peasant named Zhe Wenming of the Yi minority nationality who lived in Shangsai village of Zhaokuai Township, Luliang County, learned that his son Zhe Shunyun had been detained by the county public security bureau for stealing a truck. Subsequently he discussed this matter with his brother Zhe Huiming and eldest son Zhe Chengyun and expressed the desire to call in other villagers to take his son back from the public security bureau by force. After their discussion, Zhe Huiming and others went to Zhaokuai township and interrogated a judicial assistant. He made a telephone call to the public security bureau informing that they should release Zhe Shunyun before noon the following day, otherwise there would be a violation of law. That night Zhe Wenming gathered about 70 people in his home and incited them by saying: "Zhe Shunyun did not violate the law. He was beaten when he was arrested. The public security bureau is bullying the minority nationalities!" He asked them for help and asserted: If the public security bureau refuses, we will break into the cell and take him out.

At 1000 the following day, Zhe Wenming led 98 villagers in three trucks. When passing through Zhaokuai township, he ordered a halt and took the lead in dashing toward the township government building, where they beat up a cadre who was giving persuasion. A 40-minute-long ransacking of the county public security bureau followed. During this incident the troublemakers beat up 17 policemen, smashed 8 prison doors, and stole 8 guns (2 of which were destroyed) and some bullets. Zhe Wenming went so far as to shoot a policeman on duty (but the bullet missed). Under such circumstances, the police were forced to open fire on the troublemakers. Two of them were shot dead and another suffered a bullet wound. Zhe Wenming and Zhe Shunyun, who was already out of his cell, were arrested on the spot.

Zhe Wenming joined the CPC in 1955 while he was in the Army. He had been a party branch deputy secretary, an assistant production brigade leader, and a deputy township head. Before the incident took place, he was a party group leader. Prior to the attempt to rescue his son, secretary and members of the Luliang County CPC Committee had tried to persuade him not to, but Zhe refused. Hence the incident.

The Yunnan Provincial Supreme People's Court had this comment to make: Most of the participants took part in the rescue attempt due to a lack of a legal concept, only seven of them, including Zhe Wenming, purposely broke the law. With the exception of Zhe Wenming, the other six were sentenced to prison terms not exceeding 7 years.

**Yunnan Adopts Grain Production Expansion Measure**  
*HK1312041188 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 12 Dec 88*

[Text] The provincial people's government has decided to add 5 million yuan to the annual allocation of 5 million yuan for building small irrigation works in sugarcane-producing areas. The total annual allocation in this field is now 10 million yuan.

The decision by the provincial government is mainly aimed at expanding the area sown to sugarcane on dry land in our province in an effort to give more fertile farmland over to grain production and ease the contradiction between sugarcane growing and grain production for fertile farmland.

### North Region

**Li Ruihuan Meets Tianjin Theoretical Workers**  
*SK1312125088 Tianjin City Service in Mandarin 2330 GMT 12 Dec 88*

[Excerpts] On 12 December, while speaking with some theoretical and practical workers participating in the municipal investigation and study work conference, Comrade Li Ruihuan pointed out: The decade of reform witnessed tremendous achievements, but also many contradictions and difficulties. Now is a good opportunity to



conscientiously sum up experiences. The vast number of theoretical and practical workers should delve deep into reality to conduct investigation and study with a selfless stand and a realistic attitude in order to contribute to improving the economic environment, rectifying the economic order, and deepening reform.

Municipal leading comrades Li Ruihuan, Wu Zhen, Hao Tianyi, Tan Shaowen, and Liu Jinfeng spoke with some theoretical and practical workers participating in the municipal investigation and study work conference on major theoretical questions with regard to improving the economic environment, rectifying the economic order, and deepening reform. These theoretical and practical workers set forth their real knowledge and deep insight on the work of improving the economic environment, rectifying the economic order, and deepening reform. [passage omitted]

Comrade Li Ruihuan said: Now is the best opportunity to conduct investigation and study and to sum up experiences. The decade of reform has witnessed tremendous achievements and provided us with a wealth of experience. Therefore, we are obligated to review and sum up the past work with a sober mind. In improving the economic environment and rectifying the economic order during the economic readjustment period, we will be confronted with complicated circumstances and arduous tasks. However, during this period, the people's ideology will be relatively active. Thus in approaching several major questions, we should further enhance our understanding and unite our thoughts. Meanwhile, effecting a leap in our ideology, making a correct appraisal of problems in theory, and reaching unity in our thoughts by earnestly summing up positive and negative experiences will not only help us achieve success in the current work of improving the economic environment and rectifying the economic order, but will also help us base our reform on a scientific theory and guidances.

Comrade Li Ruihuan added: In conducting investigation and study, we need Marxist guidance and an adherence to a selfless stand and a realistic attitude. In conducting investigation, we should not only occupy a wealth of data, but also should conduct scientific analysis, induction, and summary in order to grasp the law of the development of things and then use this law to guide our work.

He said: Tianjin has already laid a good foundation for the investigation and study work and has already scored many achievements in the study of many major questions. It is hoped that continued efforts will be made to organize all research units and to combine the initiative of theoretical workers with that of practical workers with a view to stir up a general trend of studying the current situation. At the same time, all theoretical and practical workers should be organized to study the current major problems so as to continuously promote reform and construction. [passage omitted]

**Democratic National Construction Congress Ends**  
*SK1312115488 Tianjin City Service in Mandarin*  
2300 GMT 12 Dec 88

[Text] The sixth congress of the Tianjin municipal committee of the China Democratic National Construction Association [CDNCA] concluded at the Tianjin Guesthouse on 12 December.

The congress examined and approved the work report of the fifth municipal committee of the CDNCA. In the methods of multicandidate preelection and equal-candidate election, the congress elected the new leading organ. (Zhang Huanwen) was elected chairman of the sixth municipal committee of the CDNCA; and Comrade (Yao Xizhou), honorary chairman of the committee. More than 50 percent of the newly elected members of the committee are young and middle-aged comrades, who are in their prime of life.

The congress set forth that in the process of improving the economic environment, rectifying the economic order, and comprehensively deepening reforms, the CDNCA should play their roles as a political party, positively participate in and discuss political affairs, help the municipal party committee and government improve the economic environment and rectify the economic order, and concentrate efforts on stabilizing commodity prices, the market, the present situation, and the whole situation.

During the session, Tan Shaowen, deputy secretary of the municipal party committee and chairman of the municipal CPPCC committee, called on all members participating in the congress.

**Northeast Region**

**Heilongjiang Commentary on Forest Protection**  
*SK1312124188 Harbin Heilongjiang Provincial*  
*Service in Mandarin 2200 GMT 12 Dec 88*

[Station commentary: "It Is Extremely Urgent To Protect Forestry Resources"]

[Text] Since the beginning of this year, our province has witnessed a serious phenomenon of an arbitrary felling of trees. The cases of forest destruction rose by a large margin. In the first half of this year alone, some 4,670 forest destruction cases occurred, an increase of 27 percent over the same period last year. What is more serious is that the scale of illegal lumbering is becoming bigger and that the number of cases of collaboration with persons inside and outside to commit crimes has increased noticeably. (Miao Zhenqing) and (Miao Zhenliang), two jobless persons in Linkou County, hired 10 trucks and more than 30 peasants to illegally fell more than 60 cubic meters of Korean pine trees in Fangzheng forestry administration on four occasions. The trees were transported out under the escort of three public security cadres and a policeman, including (Yuan Taiqing).

Since last summer, the valuable cork trees of many forestry bureaus have been basically felled. Why can the phenomena of illegal tree felling and lumbering not be stopped despite repeated orders? First of all, both the higher and the lower levels have failed to pay full attention to the seriousness and harmfulness of damaging forest resources. Second, some people have failed to observe laws and to do their best in punishing lawbreakers. Some others have even harbored criminals and covered up their crimes.

Last February, (Zhang Jingbo), a forest guard of (Chushan) forest farm of Linkou County forestry bureau, was crushed to death under a truck when he tried to stop the truck, which was loaded with stolen trees. With regard to such a criminal activity which involved human life, the county forest bureau neither reported the case to the higher-level leading departments nor submitted it to the judicial departments for investigation. It gave its consent to privately handling the case by using money instead of law. Such a move seriously affected the development of forest protection work and led the criminals to go scot-free to this day. This has aroused the masses' great complaints.

From 1985 to the present, Wuchang County witnessed a total of 134 cases of damaging forests. However, only 11 cases were brought to courts for trial, and about 85 percent of the cases were settled outside the courts.

It is extremely urgent to deal strict blows to criminal cases on seriously damaging forestry resources and to realistically protect these resources. It will not do to merely rely on the efforts of the forestry administrative, public security, and law departments to handle the cases. All localities and departments should closely cooperate with one another to keep informed, to take coordinated actions, and to adopt legal means to deal blows to criminal activities of forestry resources destruction in an effort to resolutely check the unhealthy trend of arbitrary tree felling and lumbering.

**Natural Gas Deposit Discovered in Heilongjiang**  
*SK1412054188 Harbin Heilongjiang Provincial Service  
in Mandarin 2200 GMT 13 Dec 88*

[Text] Through 5 years of endeavor, Daqing oil field has finally made a breakthrough by discovering a natural gas deposit with relatively rich reserves and a new oil- and gas-bearing formation.

Daqing's prospecting workers first discovered a gas current under (Wangjiatun) in 1985. As of this year, a total of 25.39 billion cubic meters of natural gas reserves have been discovered. This will make Daqing oil field one of our country's important natural gas production bases.

Discovered under the Fuyu oil layer in 1985, the (Yangdachengzi) oil layer, a light oil layer, has relatively good-quality oil reserves and is very thick. This year, Daqing conducted an overall prospecting for this oil layer in the north part of the (Sanzhao) and (Aoxian) areas.

Some 442 million tons of proved petroleum reserves have now been brought under control, giving rise to another peak season for the increase in Daqing's oil and gas reserves.

**He Zhukang Attends Jilin Rural Work Conference**  
*SK1312121988 Changchun Jilin Provincial Service  
in Mandarin 1030 GMT 12 Dec 88*

[Excerpt] The provincial rural work conference held by the provincial party committee and government opened in Changchun today. Major topics of discussion at the conference are to relay and implement the guidelines of the national rural work conference, summarize the basic experiences of our province in the rural reform, analyze the current rural economic situation and, in particular, work out ways to deepen the rural reform, greatly develop the commodity economy, reap bumper harvests next year and the year after, and maintain a comprehensive, sustained and stable growth in the rural economy.

Present at today's session were leading persons of the provincial party committee, Advisory Commission, People's Congress, government, CPPCC Committee, Military District, and discipline inspection, including He Zhukang, Zhang Fengqi, Wang Zhongyu, Huo Mingguang, Du Qinglin, Gu Changchun, Chen Xingyin, Gao Wen, Hui Liangyu, Gao Yan, Li Deming, Luo Yuejia, and Yu Zonghuan, principal leaders of various cities, prefectures and the autonomous prefecture, and responsible persons of relevant provincial departments.

Du Qinglin presided over the conference, Hui Liangyu gave a report on behalf of the provincial party committee and government.

Comrade Hui Liangyu said in his speech: When reviewing the historical changes over the past 10 years since the 3d plenary session of the 11th party Central Committee, and summarizing this year's rural work, we feel that the achievements and, particularly, bumper grain harvests we have scored should be attributed to favorable weather and geographical conditions and, more importantly, to the successful government functions and the peaceful environment for the people, to reforms, which have continuously aroused the enthusiasm of people and (?instilled new vigor) to economic development, and to party committees and governments at various levels, which have strengthened leadership and led the masses of cadres and ordinary people to work hard. While affirming our achievements, we should also note the problems existing in the rural reform and development,

such as poor economic results, a lack of strength for sustained agricultural development, unstable output, and imbalanced agricultural structure.

Speaking on ways to comprehensively develop the rural commodity economy, Comrade Hui Liangyu pointed out: We should work out the fighting goals and strategic plans for future rural economic development, particularly for next year and the year after, in line with the arrangements of the central authorities and the actual conditions of our province. [passage indistinct] We should continue to greatly develop the diversified economy and township enterprises, while maintaining a stable growth of grain production to achieve comprehensive prosperity in the rural commodity economy. Based on this general building principle, we should define the various fighting goals for the rural development of our province and carry out the following work successfully: 1) We should maintain and develop our advantages in grain production and further optimize the structure of the planting industry. 2) We should develop diverse undertakings comprehensively with the focus on animal husbandry, and expedite the restructuring of agriculture. 3) We should continue to develop township enterprises greatly and rationalize the rural industrial structure. [passage omitted]

**Jilin Establishes Economic Development Zone**  
SK1412043388 Changchun Jilin Provincial Service  
in Mandarin 2200 GMT 13 Dec 88

[Text] On 12 December the provincial government approved the establishment of the Hunchun economic development zone.

The city of Hunchun is in an advantageous geographical position. It has rich natural resources, neighbors the Soviet Union to the east and faces Korea to the south-west, with the Tumen Jiang in between. (Shatuozi) port is within its territory. With the approval of the State Council, it has opened the (Changlingzi) port this year.

Hunchun boasts five types of resources, including metal, timber, water, energy, and land, with various advantages for comprehensive development. The provincial government recently instructed the departments concerned to organize investigative groups to conduct an on-the-spot investigation in the city of Hunchun to study the feasibility of establishing an economic development zone.

The provincial government called on Yanbian Korean Autonomous Prefecture and the city of Hunchun to speed up their efforts to formulate plans and conduct appraisals in order to accelerate development in the zone.

**Liaoning Reports on Year's Agricultural Results**  
SK1312124588 Shenyang Liaoning Provincial  
Service in Mandarin 1030 GMT 12 Dec 88

[Text] This year, our province has achieved notable results in rural reform and construction, and the general situation is better than expected. Despite numerous disasters and a lack of investment, our province's grain output reached 13.07 million tons this year, basically the same as last year. Although there is a great difference between the government fixed price and the negotiated price of grain, peasants are still enthusiastic about selling grain. So far, the province has purchased 4.44 million tons of grain, 2.5 times the amount purchased in the same period last year. The best situation in several years has also appeared in the production of meat, eggs, poultry, milk, vegetables, and fish. Township enterprises continue to maintain a fairly high growth rate. Their annual output value may reach 35 billion yuan, and their profits and taxes turned over to higher authorities reach nearly 1.4 billion yuan, showing an increase of 33.3 and 15.8 percent, respectively, over those of last year. The amount of foreign exchange earned through exports of farm products also rose by 27.6 percent over last year, reaching \$600 million. The total product of the rural areas of our province is expected to reach 50 billion yuan, a 22.5-percent growth over last year; and the per capita income is 680 yuan.

New progress has been made in farmland capital construction of the province. In the whole year, 220 million yuan of funds has been collected for farmland capital construction, and 380 million cubic meters of earthwork have been completed, amounting to the total of the 5 years of the Sixth 5-Year Plan period. The basic conditions for agricultural production have been improved to a certain extent.

Initial results have been achieved in relying on scientific and technological progress to develop agricultural production. Scientific and technical service networks at the county, township, and village levels have been by and large established. The more than 1,600 scientific and technical personnel who went to the rural areas have brought 1,120 scientific and technological achievements to rural areas.

A large number of good examples in creating high yields have emerged throughout the province. The rural economy has been gradually changed from the natural toward the commodity economy.



## Hong Kong

### **Draft Basic Law Subgroups Conclude Meetings** *HK0912135188 Hong Kong LIAOWANG OVERSEAS* *EDITION in Chinese No 49, 5 Dec 88 pp 21-22*

[Article by Han Wuyan (7281 5294 3601): "Meeting of the Special Subject Subgroups of the Hong Kong Basic Law Drafting Committee Yields Positive Results"]

[Text] The meeting of the five special subject subgroups of the Basic Law Drafting Committee of the Hong Kong Special Administrative Region of the PRC, which was held 6 months after the draft Basic Law of the Hong Kong Special Administrative Region of the PRC (for Solicitation of Opinions) was published, has recently been concluded in Guangzhou. This is the last meeting held by the five special subject subgroups of the Basic Law Drafting Committee of the Hong Kong Special Administrative Region of the PRC before the draft Basic Law is submitted to the Standing Committee of the NPC for examination and approval. Li Hou, secretary general of the Hong Kong Basic Law Drafting Committee, held that of the five special subjects, the special subject of the relationship between the central authorities and the Hong Kong Special Administrative Region and the special subject of the political structure of the Hong Kong Special Administrative Region are the two most difficult special subjects because many differing views have been expressed on these topics. However, he was pleased to see that the meetings held by the two special subject subgroups had gone more smoothly than expected. Thanks to the concerted efforts made jointly by the mainland members and the Hong Kong members of the Hong Kong Basic Law Drafting Committee, the meetings held by the two special subject subgroups had finally yielded gratifying results. Li Hou said that the results of the meetings will be put into a report which will be submitted to the enlarged meeting attended by the chairman and vice chairmen of the Hong Kong Basic Law Drafting Committee which will be held in Guangzhou in the first 10 days of December of this year for examination and approval. Li Hou believed that the result of the meetings held by the two special subject subgroups are acceptable to the majority of Hong Kong people.

### **The Broadening of the Power of Autonomy of the Hong Kong Special Administrative Region**

Since the draft Basic Law of the Hong Kong Special Administrative Region of the PRC (for Solicitation of Opinions) was published on 28 April 1988, in the course of soliciting opinions on the draft Hong Kong Basic Law, some Hong Kong people have put forward many views and expressed their worries on some of the articles of the draft Basic Law concerning the relationship between the central authorities and the Hong Kong Special Administrative Region, thinking that, according to those articles, the central authorities will have too much say in the affairs of the Hong Kong Special Administrative Region.

Considering these worries of the Hong Kong people, the meetings held recently by the special subject subgroups of the Hong Kong Basic Law Drafting Committee conscientiously carried out detailed discussions on the relevant articles of the draft Hong Kong Basic Law and made a number of major revisions in Article 16, Article 17, Article 18, Article 22 and Article 169, about which the Hong Kong people are most concerned. The following are some examples in this regard:

—The revised third paragraph of Article 16 of the draft Basic Law reads: If the Standing Committee of the NPC, after consulting its Committee for the Basic Law of the Hong Kong Special Administrative Region, considers that any law enacted by the legislature of the Hong Kong Special Administrative Region is not in conformity with the relevant articles of this law in respect to the affairs administered by the central authorities and the relationship between the central authorities and the Hong Kong Special Administrative Region, it may return the law in question, but shall not amend it. Any law returned by the Standing Committee of the NPC shall immediately cease to have force. This cessation shall not have a retroactive effect unless stipulated elsewhere in the laws of the Hong Kong Special Administrative Region.

This revision has thus confined the NPC Standing Committee's power of examining unconstitutional acts on the part of the Hong Kong Special Administrative Region to the scope of "affairs administered by the central authorities and relationship between the central authorities and the Hong Kong Special Administrative Region. Shao Tianren, convener of the subgroup on the relationship between the central authorities and the Hong Kong Special Administrative Region, said that such a revision has further restricted the power of the central authorities. Huang Li-sung, former vice chancellor of University of Hong Kong and coconvener of the subgroup on the relationship between the central authorities and the Hong Kong Special Administrative Region, said that this revision has no doubt broadened the power of the Hong Kong Special Administrative Region.

—The revised second paragraph of Article 17 of the draft Basic Law reads: Laws enacted or confirmed by the NPC or its Standing Committee will not be promulgated or applied in the Hong Kong Special Administrative Region except those listed in the Annexes of this law. All the laws listed in the Annexes of this law will be promulgated and applied by the Hong Kong Special Administrative Region.

Besides, the meeting held by the subgroup on the relationship between the central authorities and the Hong Kong Special Administrative Region has also decided to cancel Article 4 and Article 5 of the draft Basic Law.

The Hong Kong people are very sensitive to the question of applying the nationwide laws to Hong Kong and have also expressed many worries in this respect. Nevertheless, the nationwide laws concerning chronology,

national flag, national anthem, national emblem, and the nationality law must be applied in Hong Kong. Based on this understanding and according to the demands of the Hong Kong people, the meeting held by the subgroup on the relationship between the central authorities and the Hong Kong Special Administrative Region has listed all the nationwide laws that are applicable to Hong Kong in the Annexes of the draft Hong Kong Basic Law, thus relieving the Hong Kong people of their worries.

—The revised Article 22 reads: The Hong Kong Special Administrative Region should enact laws to prohibit any act designed to betray the motherland, undermine national unity, instigate rebellion, and steal state secrets.

Changing "The Hong Kong Special Administrative Region shall prohibit by law" into "The Hong Kong Special Administrative Region shall enact laws to prohibit" has been unanimously regarded by the personages in the legal circle of Hong Kong as having broadened the judicial jurisdiction of the Hong Kong Special Administrative Region. As a result of this revision, Hong Kong Special Administrative Region's judicial autonomy and judicial independence will receive greater respect from the central authorities. The revised wording of this article is basically the same as that of the British law presently in force in Hong Kong.

—The revised Article 169 reads: The power of interpretation of this law is vested in the Standing Committee of the NPC. When the Standing Committee of the NPC authorizes the courts of the Hong Kong Special Administrative Region to adjudicate a case, the courts of the Hong Kong Special Administrative Region may interpret the provisions of this law so long as those provisions fall into the scope of autonomy of the Hong Kong Special Administrative Region. If a case involves an interpretation of the relevant provisions of this Law in respect of the affairs administered by the central people's government or the relationship between central authorities and the Hong Kong Special Administrative Region, which will affect the judgment of the case, the Court of Final Appeal of the Hong Kong Special Administrative Region, before making its final judgment on the case, shall seek an interpretation of the relevant provisions of this law from the Standing Committee of the NPC. If the Standing Committee of the NPC makes an interpretation of a relevant provision of this Law, the Court of Final Appeal of the Hong Kong Special Administrative Region, in applying that provision, shall follow the interpretation of the Standing Committee of the NPC.

—The following sentence has been added to Article 13 of the draft Hong Kong Basic Law: "The Government of the Hong Kong Special Administrative Region is responsible for maintaining the social security in the Hong Kong Special Administrative Region."

From the above-mentioned examples, we can see that the meetings held by the special subject subgroups of the Hong Kong Basic Law Drafting Committee have made a

number of major revisions with respect to the interpretation of the Basic Law, the examination of unconstitutional acts, the application of a small number of nationwide laws in Hong Kong, the judicial jurisdiction of the courts of the Hong Kong Special Administrative Region, and so on, all of which are the common concern of the Hong Kong people. Li Hou said that efforts have been made to delegate as much power as possible from the central authorities to the Hong Kong Special Administrative Region. Shao Tianren said that all the members of the subgroup on the relationship between the central authorities and the Hong Kong Special Administrative Region are satisfied with the above-mentioned revisions. Huang Li-sung commented that some major progress was made. Tam Wai-chu and Lee Chu-ming thought that these revisions constituted a breakthrough.

#### The Formation of the Mainstream Alternative

All the special subject subgroups of the Hong Kong Basic Law Drafting Committee have expressed widely divergent views on the subject of the political structure of the Hong Kong Special Administrative Region. The Draft Basic Law of the Hong Kong Special Administrative Region of the PRC (for Solicitation of Opinions) provides five alternatives for selecting the chief executive of the Hong Kong Special Administrative Region and four alternatives for constituting the Legislative Council of the Hong Kong Special Administrative Region. During the 6-month period of soliciting opinions on the draft Basic Law, the Hong Kong Basic Law Drafting Committee and the Hong Kong Basic Law Consultative Committee carried out coordination among various organizations in Hong Kong. Finally, after consultation among themselves, the various organizations in Hong Kong reached the following two common understandings: First, the political structure of the Hong Kong Special Administrative Region should eventually develop in the orientation of democracy; second, the development of democracy in Hong Kong should follow in order and advance step-by-step. It was on this basis that the meeting of the subgroup on the political structure of the Hong Kong Special Administrative Region was held. Just as Li Hou pointed out, it was because of the existence of these two common understandings that the meeting held by the subgroup on the political structure of the Hong Kong Special Administrative Region went on relatively smoothly, resulting in the formation of the mainstream alternative.

The main contents of the mainstream alternative are:

The first Legislative Council of the Hong Kong Special Administrative Region will be formed on 1 July of 1997 and will consist of 55 people, whose term of office will be 2 years. All the members of the former Legislative Council of Hong Kong may, after confirmation by the preparatory committee of the Hong Kong Special Administrative Region, become members of the first Legislative Council of the Hong Kong Special Administrative Region so long as they support the Basic Law of



the Hong Kong Special Administrative Region, pledge their loyalty to the Hong Kong Special Administrative Region, and are elected according to the provisions of the Basic Law of the Hong Kong Special Administrative Region. If there are vacancies in the first Legislative Council of the Hong Kong Special Administrative Region, such vacancies may be filled on the recommendation of the nominating committee. Tam Wai-chu believed that this is a breakthrough because such a method can greatly reduce people's excessive worries about the personnel changes in the Legislative Council of the Hong Kong Special Administrative Region. Lu Ping thought that such a method is conducive to a smooth and steady transfer of the political power in Hong Kong.

Insofar as the second Legislative Council of the Hong Kong Special Administrative Region is concerned, the number of directly elected members in the second Legislative Council of the Hong Kong Special Administrative Region will be increased to 10. As for the third Legislative Council of the Hong Kong Special Administrative Region, the number of directly elected members will be increased to 15. With respect to the formation of the third Legislative Council of the Hong Kong Special Administrative Region, the number of members elected by the functional bodies and the number of members elected by the district organizations shall each account for 50 percent of the total membership of the third Legislative Council of the Hong Kong Special Administrative Region. The method for constituting the fifth Legislative Council of the Hong Kong Special Administrative region will first be decided upon by fourth Legislative Council of the Hong Kong Special Administrative Region and then put to the vote by the electorate.

With regard to the method for selecting the chief executive of the Hong Kong Special Administrative Region, the chief executive of the first Government of the Hong Kong Special Administrative Region will be nominated by a nominating committee composed of 400 people. The chief executive nominated by the nominating committee shall be reported to the central people's government for appointment. The term of office of the chief executive of the first Government of the Hong Kong Special Administrative Region will be 5 years. The chief executives of the second and third Governments of the Hong Kong Special Administrative Region will be elected by an election committee formed by 800 people. The method for selecting the chief executive of the fourth Government of the Hong Kong Special Administrative Region will be put to vote by the electorate during the term of office of the chief executive of the third Government of the Hong Kong Special Administrative Region.

The subgroup on the political structure of the Hong Kong Special Administrative Region also carried out a study on the proportions concerning the people of various circles in the nominating committee and the election

committee for the first Legislative Council of the Hong Kong Special Administrative Region and finally worked out a mainstream alternative in this regard.

Xiao Weiyun, convener of the subgroup on the political structure of the Hong Kong Special Administrative Region, said that the mainstream alternative had been approved by the majority of the 18 members of the subgroup on the political structure of the Hong Kong Special Administrative Region. Only one member of the subgroup opposed the mainstream alternative. Cha Liang-yung, co-convener of the subgroup on the political structure of the Hong Kong Special Administrative Region, pointed out that the mainstream alternative has assimilated some proposals put forward in many other alternatives and is therefore different from other alternatives. It is because of this reason that the mainstream alternative cannot completely satisfy the advocates of other alternatives. After the meeting of the subgroup on the political structure of the Hong Kong Special Administrative Region was concluded, Li Hou told the reporters that he had been told by some Hong Kong people that some friends who had been strongly advocating democracy in Hong Kong thought that the democratic process offered in the mainstream alternative was too slow, whereas other friends who had been advocating a smooth and steady democratic process in Hong Kong thought that the democratic process offered in the mainstream alternative was too fast. Li Hou therefore deemed that these widely divergent responses to the mainstream alternative have just attested to the appropriateness of the mainstream alternative.

#### **Weighing Every Word in Order To Achieve Greater Accuracy**

According to the briefings given by the conveners of the various special subject subgroups of the Hong Kong Basic Law Drafting Committee at the news conference, all the members of the special subject subgroups of the Hong Kong Basic Law Drafting Committee, who attended the recent meeting, conscientiously carried out detailed discussions on some specific articles of the draft Basic Law. In the spirit of cooperation, consultation, and mutual accommodation, the mainland members of the Hong Kong Basic Law Drafting Committee showed respect for the habits of the Hong Kong people and revised a number of articles of the draft Basic Law according to the demands of the Hong Kong members of the Hong Kong Basic Law Drafting Committee. Here are some examples:

—The sentence that "English language is also the official language" has been added to Article 9.

Shao Tianren expounded that after Hong Kong reverts to China in 1997, the Chinese language will certainly be used in Hong Kong. It is because of this reason that some Hong Kong friends are worried about the position of the



English language. Now the aforesaid sentence has been added to Article 9, thus clarifying the position of the English language and relieving the Hong Kong people of such worries.

—The term "executive acts," which is used in Article 18 of the original draft Hong Kong Basic Law, has been changed into "acts of state" and "acts of state facts."

Shao Tianren said that "acts of state" and "facts of state" are two concepts adopted in the Common Law. The personages of the Hong Kong legal circle and the members of the Hong Kong Basic Law Consultative Committee believed that the two nouns are more accurate than the original one so that they will be more acceptable to the Hong Kong people. Since it is so, the mainland members of the Basic Law Drafting Committee respected the views of the Hong Kong people and agreed to change "executive acts" into "acts of state" and "acts of state facts."

—The term "shall also abide by," which is used in Article 13 and Article 21 of the original draft Hong Kong Basic Law, has been changed into the term "must abide by."

To the Hong Kong people, the word "shall" means nothing but a moral commitment. Therefore, the Hong Kong members of the Basic Law Drafting Committee were happy to see such a change from "shall also abide by" into "must abide by." There are also a number of similar changes in the draft Hong Kong Basic Law.

At the meeting held by the special subject subgroups of the Hong Kong Basic Law Drafting Committee, the subgroup on the relationship between the central authorities and the Hong Kong Special Administrative Region decided to propose to the Standing Committee of the NPC the establishment of the Committee for the Basic Law of the Hong Kong Special Administrative Region under the Standing Committee of the NPC. The Committee for the Basic Law of the Hong Kong Special Administrative Region shall not be a power institution or an arbitration institution, but shall be a working institution. The Committee for the Basic Law of the Hong Kong Special Administrative Region is composed of both mainland members and Hong Kong members with each accounting for half of the total membership of the Committee. The Hong Kong members of the Committee for the Basic Law of the Hong Kong Special Administrative Region will be appointed by the Standing Committee of the NPC after consultation with the chief executive, the chairman of the Legislative Council, and the chief justice of the Court of Final Appeal of Hong Kong.

Participating in the meeting held by the special subject subgroups of the Hong Kong Basic Law Drafting Committee in Guangzhou were not only the members of the subgroup on the relationship between the central authorities and the Hong Kong Special Administrative Region

and the subgroup on the political structure of the Hong Kong Special Administrative Region but also the members of the subgroup on the fundamental rights and duties of the residents of the Hong Kong Special Administrative Region, the subgroup on the economy of the Hong Kong Special Administrative Region, the subgroup on the education, science, culture, and religion of the Hong Kong Special Administrative Region, and some other subgroups. In the meantime, the Committee for the Regional Flag and Regional Emblem of the Hong Kong Special Administrative Region also held its meeting in Guangzhou.

**Citizens Group Chief Discusses Basic Law**  
*HK1012054988 Hong Kong ZHONGGUO TONGXUN*  
*SHE in Chinese 1135 GMT 8 Dec 88*

[Report by Zou Zongbin (6760 1350 1755): "Hilton Cheong-leen Agrees in Principle With 'Mainstream Proposal'"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 8 Dec (ZHONGGUO TONGXUN SHE)—Hong Kong Citizens Association president, Hilton Cheong-leen, indicated that he supported in principle the "mainstream proposal" passed by the political subgroup of the Basic Law Drafting Committee, because Hong Kong would eventually advance toward the objective of universal franchise. In his view the maturity of the Hong Kong people's political and democratic awareness serves as a basis for the institution of universal franchise. He maintained that whether the future chief executive would be elected through universal franchise should preferably be reviewed by the second government of the Special Administrative Region and that the ratio of directly elected members of the first Legislative Council should be 1:3 and then increased gradually to over half in the third Legislative Council.

Hilton Cheong-leen said: Apart from the degree of people's awareness for participation in political affairs, Hong Kong's democratization process is related to the external environment, especially the democratization process in Mainland China. If in the future the mayors of China's major cities are elected by voters on the basis of one man, one vote, it goes without saying that there will be universal franchise in Hong Kong. Naturally, different places have different specific conditions and Hong Kong's democracy today cannot be compared with the degree of democracy in the United States and Britain. He stressed: The so-called democratic spirit should be based on love of the motherland and Hong Kong. It should embody freedom of speech in Hong Kong and the maintenance of normal public order and also the people's sense of participation in politics. That is, their sense of responsibility and rights as an upright person and the right to make a choice and have a secure life.

He said: Some people hold demonstrations and go on hunger strike to indicate their protest. They are free to do so but, as members of society, we should have the sense of responsibility to maintain social stability.

He approves the method of handing over political power put forward in the "mainstream proposal." He hoped that after the Basic Law is endorsed, the British Hong Kong Government would evolve in the direction laid down in the Basic Law and that the tenure of Legislative Council members in 1991 should be changed from 3 years to 4 years.

**Li Hou Says Moves To Form Party 'Inevitable'**  
*HK1312015588 Hong Kong SOUTH CHINA  
MORNING POST in English 13 Dec 88 p 5*

[By Chris Yeung]

[Text] Moves by leading businessman Stephen Cheong Kam-chuen to form a political party are an inevitable and a natural development of local democracy, senior Chinese official Li Hou says.

Mr Li said he expected political groups would mushroom as more elected members were introduced to the Legislative Council.

Mr Li, a deputy director of the State Council's Hong Kong and Macao Affairs Office, referred to Mr Cheong's plan in a recent interview in Guangzhou.

Mr Cheong, who represents the industrial sector on the Legislative Council, said earlier this month he was trying to set up a political organization.

However, he stopped short of calling it a political party because of sensitivity among locals and Beijing officials over the term.

Mr Li said: "I think it's a natural trend that businessmen will join together to take part in politics.

"Different sectors will also form their own political groups."

He also denied China had blocked a plan by Senior Legislative Council Member Allen Lee Peng-fei to form an elite political party in 1985.

"The issue at stake is not a matter of whether you like it or not.

"Political groups will naturally form and develop when the portion of elected members in Legco expands.

"We have no opposition to it.

"The Basic Law has given people the freedom to form associations.

"It's difficult to tell what form of development they will take and whether they will become political parties.

"But the issue will become more complicated if they develop into political parties.

"Hong Kong is a region and not a country.

"Furthermore, should the Chinese Communist Party (CCP) and the Kuomintang operate openly in Hong Kong if there are political parties here?" he asked.

"The CCP are not prepared to operate openly in the future special administrative region.

"It will not take part in local politics in the name of the CCP.

"The question is whether the CCP should operate openly if there are political parties in the territory.

"I can't give a definite answer of yes or no now," said Mr Li.

**XINHUA To Dissuade Illegal SRV Refugees**  
*HK1312021788 Hong Kong SOUTH CHINA  
MORNING POST in English 13 Dec 88 p 1*

[By Fanny Wong]

[Text] The NEW CHINA NEWS AGENCY (NCNA) has agreed to help dissuade Vietnamese people settled in China from trying to illegally enter Hong Kong.

Hong Kong Government officials said yesterday intelligence reports had revealed that misleading articles in mainland newspapers may have been responsible for the growing number of Vietnamese in China trying to enter the territory.

Another 97 former China Vietnamese illegal immigrants arrived in Hong Kong yesterday, bringing to 351 the total number of such arrivals this month.

Last month there were 61 arrivals, compared with 19 in October and three in September.

The Vietnamese from China apparently believe the Government's liberalisation of its closed camps would allow them to take jobs in Hong Kong or be resettled overseas.

The Security Branch has been so concerned about the effect of the rumours that it has made three public statements in the past eight days to stop them spreading.

It is understood that Hong Kong Government officials approached the NCNA last week and asked them to help in explaining that those who illegally entered Hong Kong from China would not be given refugee status and would be repatriated as soon as possible.

Secretary for Security Geoffrey Barnes yesterday reiterated the Government's policy.

"The processes of the liberalisation programs, which are being pursued by the government, apply only to people classified as refugees by the Hong Kong Government," he said.

Mr Barnes appealed to the Chinese authorities and the media to make the Hong Kong Government's policy as widely known as possible, particularly in those areas of Guangxi where the rumours were circulating.

Meanwhile, a local Chinese newspaper reported yesterday that 500 Vietnamese working on a farm in Guangxi had planned to come to Hong Kong.

The paper said mainland newspapers had recently spread rumours that the United States and other countries planned to take more Vietnamese refugees from Hong Kong.

**PRC 'Unlikely' To Allow Referendum Before 1990**  
*HK1312015788 Hong Kong SOUTH CHINA MORNING POST in English 13 Dec 88 p 5*

[Text] China is unlikely to allow a referendum in Hong Kong before 1990 to decide on the territory's post-1997 political structure.

This is the view of Basic Law drafter Liu Yiu-chu who also sits on the Chinese National People's Congress (NPC).

Her view was echoed by a vice-chairman of the Basic Law consultative Committee (BLCC), Lee Kai-ming, who believes the liberals demand was just a political gesture.

And a member of the rival conservative Group of 88, Dr Raymond Ho Chung-tai, maintains Hong Kong is not ready for a referendum.

A coalition of 108 liberal groups calling themselves the Joint Committee for the Promotion of Democratic Government demanded that a local referendum on the various political proposals be held before the NPC ratifies the mini-Constitution in 1990.

The coalition said the Sino-British Joint Liaison Group (JLG) should work out the technicalities for holding such a referendum.

But a JLG source said: "The group has never come across such an idea. It's unlikely that China will seek the assistance of Britain in holding a referendum on the Basic Law during the transitional period.

"It's also impossible for Britain to initiate the idea of a referendum because the Basic Law is a matter for China. In fact, there are many channels through which Hong Kong people can give their views on the draft."

Miss Liu added: "The NPC is unlikely to agree to such a method for deciding the future Constitution. The Basic Law has to be approved by all the people of China. There cannot be a separate referendum in Hong Kong.

"There are complicated political and legal problems involved if China was to hold a referendum in the territory when it is still under British administration."

Sharing Miss Liu's views, Mr Lee said there was a greater chance of conducting an opinion poll on the second draft during the final round of consultation next year.

The BLCC scrapped plans to hold a territory-wide survey during the first round of consultation earlier this year because of technical problems.

Dr Ho of the Group of 88 said people were not ready for a referendum as early as next year.

He said: "Political systems are very complicated. The general public just cannot understand the details of the various proposals. They cannot be asked to decide which system they prefer."

**PRC, Territory, UK To Negotiate Air Links**  
*HK1312021988 Hong Kong SOUTH CHINA MORNING POST in English 13 Dec 88 p 1*

[By Tad Stoner]

[Text] China has finally agreed to renegotiate its air links with the United Kingdom and Hong Kong as talks scheduled to begin in Beijing between January 16 and 20, a spokesman for the British Department of Transport in London said yesterday.

British officials who will represent Hong Kong at the talks are expected to push for Cathay Pacific and the fledgling airline Dragonair to be allowed more flights into China in order to redress the balance currently weighted in favour of the Chinese.

The spokesman for the British Department of Transport confirmed the issues would be raised at the talks but said he could not reveal the British bargaining position.

"As far as the UK is concerned, we are very anxious to get this going with China on all fronts, and the talks will include some of our officials and a couple of international aviation people," the spokesman said.



The talks are also expected to include discussions on whether the Civil Aviation Administration of China (CAAC) should be allowed to load passengers in Hong Kong and carry them on to lucrative destinations in the region in competition with Hong Kong's own carrier, Cathay Pacific.

Hong Kong's Principal Assistant Secretary for Economic Services, Mr Martin Glass, said it was hoped Dragonair and Cathay could get a more even deal with CAAC as a result of the talks.

"The problem now is that the agreement is too restrictive for the needs of our airlines," Mr Glass said.

"Dragonair is confined to charter flights to Beijing and Shanghai, and 10, 11 or 12 other minor points. It's inconvenient and messes up their schedules because charters can only operate at certain times at Kai Tak," Mr Glass said.

In October, Dragonair won the right to fly charter flights into Beijing after three years of intensive lobbying.

Mr Glass said the talks would include negotiations on giving Dragonair scheduled flights into various destinations in China.

But Cathay was also anxious to increase its scheduled flights in and out of Beijing and other major destinations in China, Mr Glass said.

Under the existing agreement CAAC has three flights to every one provided by Cathay into Beijing, but Mr Glass said it was hoped a more even distribution between airlines could be agreed.

"Cathay Pacific would like more frequency to Beijing and Shanghai which they've been asking for a long time," Mr Glass said.

"CAAC already comes in with a lot more capacity (than our airlines), and we'd like to increase Hong Kong airlines' capacity to a level with which they are more comfortable."

But Mr Glass said the talks would not necessarily achieve parity between Hong Kong and mainland airlines on the major destinations in China.

Aviation officials from the mainland have consistently frustrated attempts by the British side to convene talks on renegotiating air links between China, Hong Kong and the UK.

**Jan-Oct External Trade Up 30 Percent**  
*OW1212020588 Beijing XINHUA in English*  
1519 GMT 11 Dec 88

[Text] Hong Kong, December 11 (XINHUA)—Hong Kong's total merchandise trade between January and October this year, at 796,404 million H.K. [Hong Kong] dollars (102,103 million U.S. dollars), increased by 30 percent as compared with the same period in 1987.

In October alone, total merchandise trade grew by 32 percent in value to 92,482 million H.K. dollars (11,857 million U.S. dollars) compared with the same period of [words indistinct] statistics released today by the Census and Statistics Department show that over the January-October period of comparison, the value of Hong Kong's domestic exports this year increased by 11 percent to 176,439 million H.K. dollars (22,620 million U.S. dollars), while re-exports increased by 50 percent to 219,575 million H.K. dollars (28,151 million U.S. dollars).

Thus, the value of total exports in the first 10 months this year [words indistinct] H.K. dollars (50,771 million U.S. dollars). During the same period, imports increased by 31 percent to 400,389 million H.K. dollars (51,332 million U.S. dollars), leaving a small trade deficit behind.

Hong Kong's domestic exports to most major markets increased in value terms, and those to China registered a significant growth of 37 percent to 30,565 million H.K. dollars (3,919 million U.S. dollars) in value terms.

However, those to the United States, Hong Kong's largest domestic export market, decreased by three percent in value terms during the period.

Imports in the first 10 months of 1988 from all major suppliers increased in value terms.

**Double Digit Inflation Predicted for 1989**  
*OW1312032488 Beijing XINHUA in English*  
0914 GMT 10 Dec 88

[Text] Hong Kong, December 10 (XINHUA)—Hong Kong is facing double digit inflation for the first time since 1982, the "SOUTH CHINA MORNING POST" reported today.

The paper said in a report that the local government, which is currently reviewing inflation estimates as it prepares the ground work for the budget in March, is understood to be looking at 10 percent inflation for the next fiscal year.

This would be 30 percent higher than the official government forecast of 7.5 percent in the last budget and 5.5 percent in 1987, the report said.

This would also give Hong Kong its highest inflation rate in six years after it reached 10.6 percent following worldwide inflation in 1982.

The upward inflation trend will trigger off salary increases and higher consumer prices and service costs, the report noted.

Economists here predict that inflationary pressure will continue for the next six months because of strong consumer demand as the result of rising family incomes and the possible continued weakening of the American dollar.

This year, average wages in Hong Kong have risen by about 10 percent but the labor shortage has forced many industries, such as the hotel and services industry, to give their employees wage increases of up to 40 percent.

The inflation has also been aggravated by a number of increases in interest rates which have risen eight times since February, the paper said.

### Macao

**Legislative Committee To Review 'Outdated Laws'**  
HK1412030588 Hong Kong SOUTH CHINA  
MORNING POST in English 14 Dec 88 p 6

[By Adam Lee in Macao]

[Text] The Macao Legislative Assembly has decided to set up a committee to consider the revision of the Macao Organic Statute, generally considered the enclave's "mini-constitution."

The statute was passed in 1976 and some parts of it are now considered out-dated, such as the number of legislators in the Legislative Assembly.

At present, the assembly consists of 17 members, six elected directly, six indirectly and five appointed by the governor. There have been suggestions that the number should be increased to about 23.

Members of the committee include Edmond Ho, Alexandre Ho, Vitor Ng, Lau Chok-va, Neto Valentines, Leonel Alberto Alves and Rui Afonso.

The committee will report to the assembly on February 15 next year.

The assembly has also turned down a proposal by Mr Alexandre Ho, Leong Kam-chun and Wong Cheong-lam to stop the importation of labour to Macao.

**END OF**

**FICHE**

**DATE FILMED**

14 DEC 88



